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POLITICAL SCIENCE QUARTERLY.

THE POLITICAL IDEAS OF THE PURITANS.[1] I.

THE founders of the Puritan commonwealths of New England were the only class among the early settlers of America who were politically self-conscious. The type of society which sprang up in the middle and southern colonies was almost wholly the product of physical environment and of tradition. The Puritans, to be sure, brought with them the common law and the institutions of local government to which they had been accustomed at home. They were subject to the influences of frontier life and of comparative isolation upon a remote continent. But in addition to that they were the advocates of a definite religious system, which they came to the new world to put into practice. That this was their purpose they never lost an opportunity to declare. So important did this system seem to them that they made all interests, social and political, contribute to its maintenance and advancement. About it centred thought and effort; from it proceeded theory and policy. Relations with the home government, intercourse with the neighboring colonies, conduct towards immigrants, the bestowment and withdrawal of citizenship, the political and social life of town and commonwealth in all its phases, were ultimately determined by their bearing on the supreme question — the

[1] The writer of these articles is pleased to know that conclusions upon this subject substantially identical with his own have been independently reached by Mr. Ch. Borgeaud of the *École Libre des Sciences Politiques*, Paris. The first of his monographs, treating of the political ideas of the English Puritans, was published last year in the *Annales* of that School. Another, upon the New England Puritans, is expected.

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maintenance of the Puritan system of belief. In the carrying out of this policy the clergy took a leading part, both as writers and as counsellors. Their influence upon society during the first generation after the settlement of New England it is difficult to overestimate. It was during that time that the first steps were taken towards the development of American democracy in its earliest phase. Among the laymen who co-operated with the Puritan clergy there appeared considerable statesmanlike talent. The magistrates of New England, especially those of Massachusetts, showed much skill in handling the practical problems of the state. In this work the clergy shared, exhibiting in some cases conspicuous ability. Though the stage on which they played their parts was small, the task they had set themselves was a delicate one and on its successful performance hung, in their opinion, the interests of Christendom.

But the Puritan clergy were more than practical politicians; they were in many cases political writers and thinkers as well, the first generation of such who have lived on American soil. We shall not find that they produced treatises on political science; but they did write many elaborate works on church government. During the present century few books on that subject have been written in the United States, and when such do appear they are almost without interest to the student of politics. But it was not so in the seventeenth century, either here or in Europe. Then questions of faith and of ecclesiastical organization were central and paramount. The mediæval bonds within which the state had been confined were broken, but they had not entirely fallen away. Political and religious beliefs were bound up together. State and church were believed by all except a few to be organically connected. Demand for political reorganization was then the outgrowth of religious rather than of industrial need. Out of religious struggles political tendencies were being evolved. To works on religious polemics we must go to find the beginnings of American political literature. These together with the important public documents of the time are the storehouses of the ideas which guided the Puritans in their work.

But the New England Puritans did not invent the political

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theories to which they gave expression, any more than they did the system of theology which they defended. They were not original in either case. They were simply a part of a great movement, the wing of an army. The essentials of their creed, the political ideas which they hoped to realize, they brought with them across the ocean. Therefore it will not suffice to study them in their isolation. They must be viewed in connection with that whole phase of historic development to which they belong. An effort must be made to acquaint oneself with the stock of political ideas they brought with them from the mother country; the changes to which these were subjected in New England must be examined; and lastly, the reflex influence, if any, which the colonists were able to exert upon their friends in England, must be noted.

Calvin's *Institutes* was the chief religious and political text-book of the English Puritans. By Calvin they were led back to the Bible, and from his standpoint they viewed the history of the early church. As a religious sect they followed their leader very closely; and when circumstances made them a political party, the courses of policy which they followed were wholly consistent with the principles to be found in the works of the Genevan reformer. Calvin was lawyer and theologian combined. His system of thought was developed and stated with the logical precision characteristic of his nation. From the Latin Fathers he drew the doctrine of the sovereignty of God and he followed it relentlessly to its conclusion. The Bible, containing the law of God, was to be accepted as an authority from the utterances of which there was no appeal. To the commands of Christ and the apostles, therein set forth, the strictest obedience must be given.[1] At the same time full validity was claimed for precedents drawn from the Mosaic system. Calvin was at war with tradition, and therefore in a way was a rationalist in spite of himself. He could not tolerate institutional Christianity. He would banish everything which thrust itself between the soul of

[1] Institutes, book i, chaps. 7, 8; iv, chaps. 8, 9. The doctrine is brought out with special force in chapter 10 of the same book, where Calvin attacks the traditions of the Romish church.

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the individual worshipper and God. According to his conception the church was a community of believers, by which the commands of God were obeyed in the preaching of the word and the administering of the sacraments, and to which no persons should find admission until their piety had been subjected to rigorous tests.[1] The life of each member was constantly exposed to the scrutiny and criticism of others. The strictest discipline too was enforced. All were compelled to prove, so far as by human evidence it was possible, that they were the elect of God.[2] Calvin and his followers tried to leaven society with these doctrines, and to make it conform as closely as possible to their ideal.

The organization of such a church could hardly fail in theory to be democratic. Calvin taught that Christ was the true sovereign of the church, but that under him, the clergy was an official class, a ministry, whose authority came from the church itself.[3] To the church Christ committed the power of the keys. Its members, united by covenant, chose the ministry and inflicted excommunication. But discipline and the orthodox principles of the faith must be maintained. Calvin had an autocrat's aversion to disorder and anarchy. Under his system, freedom of thought and practice was strictly limited. Therefore it was necessary to bestow large power upon the clergy. In this way a strong aristocratic tendency was introduced, which might, if the progress of the system were resisted, become predominant.

The political questions which most interested the reformers turned upon the relation between church and state. The mediæval theory respecting that subject was by them subjected to revision. Incidentally to that arose the discussion of the origin of the state, of forms of government and of the possibility of resistance to established authority. Calvin's views concerning the state were in harmony with his theory of church government. He taught that both state and church were of divine origin. Like the mediæval theologians, he compared the one to the body, the other to the soul of man. This implied that, though the two have different functions, an organic connection

[1] Institutes, IV, chap. 1. [2] *Ibid.* chap. 12. [3] *Ibid.* chaps. 3, 4.

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exists between them. It is the work of the church to create a perfect Christian society, and the state must furnish the necessary external conditions.[1]

> The former [the church] in some measure begins the heavenly kingdom in us even now upon earth . . .; while to the latter [the state] it is assigned, so long as we live among men, to foster and maintain the external worship of God, to defend sound doctrine and the condition of the church, to adapt our conduct to human society, to form our manners to civil justice, to conciliate us to each other, to cherish common peace and tranquillity.

To Calvin's mind, then, the sphere of the church was infinitely superior to that of the state. The issues, toward the attainment of which he labored, were of a higher and more permanent character. But they could not be reached without the assistance of the state. Hence Calvin defended governments against the assaults of Antinomians, declaring that lawful magistrates were divinely commissioned, that their work was a part of the plan of Providence, and that to resist them was to attack the sovereignty of God. His correspondence with the Huguenot leaders in France shows that, when the religious war broke out there, he strongly opposed resistance to the government,[2] though it was controlled by the Guise faction. In the *Institutes* he had said:

> Let no man here deceive himself, since he cannot resist the magistrates without resisting God. . . . But if we have respect to the word of God, it will lead us further, and make us subject not only to the authority of those princes who honestly and faithfully perform their duty toward us, but to all princes, by whatever means they have so become, although there is nothing they less perform than the duty of princes. . . . All alike possess that sacred majesty with which he [Christ] has invested lawful power.[3]

In these passages Calvin returned fully to the doctrine of the New Testament. But he, like the apostles, set a limit to the duty of obedience. It must not extend to those things which

[1] Institutes, IV, chap. 20. The peculiar character of the work of the church as distinguished from that of the state is set forth in the same book, chap. 11.

[2] Stähelin, Johannes Calvin, Leben und ausgewählte Schriften, vol. i, pp. 610 *et seq.*

[3] Institutes, IV, chap. 20.

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are incompatible with obedience to God.[1] Speaking of the obligation of the Christian to obey laws which impose ceremonies of purely human origin he says: "The restraint thus laid on the conscience is unlawful. Our consciences have not to do with men, but with God only." As a result of this principle he claims that human laws, being means to an end, do not properly bind the conscience. The realm of conscience lies wholly out of reach of any except divine legislation. It is necessary to obey just human laws; but those which impose rites that form no part of the true worship of God carry no obligation with them. In this spirit he interpreted the famous passage of Paul, *Romans* xiii. Again he says:

> We are subject to the men who rule over us, but subject only in the Lord. If they command anything against him, let us not pay the least regard to it, nor be moved by all the dignity which they possess as magistrates — a dignity to which no injury is done when it is subordinated to the special and truly supreme power of God.[2]

In passages such as these Calvin probably contemplated only passive resistance, but in the minds of men smarting under persecution the idea would naturally be extended much further. The qualifications by which the reformer sought to limit the principle would be speedily swept away.

Although Calvin affirmed that an intimate connection existed between church and state, he was neither a papist nor an Erastian. He was opposed to both Hildebrand and Zwingli. The work of the church was, he thought, of a nature so exalted that the state could not perform it;[3] neither should the clergy abandon their high functions to undertake the duties of magistrates. Still, though each institution kept within its own sphere, the two must not be divorced. Religion, he taught, is the basis of public morality. "No polity can be successfully established unless piety be its first care." Hence the state needs the support of the church, for from the teachings of the latter comes the moral health without which successful government is impossible. In the name of public order and for the security of property he

[1] Institutes, IV, chap. 10. [2] *Ibid.* chap. 20. [3] *Ibid.* chap. 11.

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would have the state punish idolatry, blasphemy and a long series of offences against religion. He began by affirming that the functions of state and church were radically different; but before the discussion closed he taught that it was the duty of the magistrate to enforce obedience to both tables of the law. The logical result of the first position is universal toleration; the second principle, if carried into practice, leads to the establishment of a state church with the punishment of non-conformity. How the two doctrines were to be reconciled, Calvin did not attempt to show. In the sixteenth century their reconciliation was impossible; and Calvin, though he had taken one step forward, still fully shared in the persecuting spirit of his time. The idea of moral and scientific development was foreign to his mind. The system of doctrine which he formulated soon after his conversion remained essentially unchanged throughout his life.[1] Equally fixed and unchangeable appeared the world to his mind. Though he was starting a movement which was to extend over two continents and accomplish results of the greatest importance, he thought it possible to confine the thought of the world within the limits of one system, and by a long course of severe training to banish dissent.

Among the forms of government Calvin preferred aristocracy,[2] or better still a combination of that with democracy. He was by nature an aristocrat, and on all occasions showed his jealousy of purely democratic rule.[3] When it became his duty to prepare a civil constitution for Geneva, he gave the chief power to the Council of Syndics, which consisted of twenty-four members, only four of whom were chosen by direct vote of the citizens. In addition he contrived a most artificial scheme for excluding the people from all direct share in the government. To this, however, he was forced by the necessities of the situation. Of monarchy, Calvin repeatedly expressed an unfavorable opinion. He thought it very liable to degenerate into tyranny.

[1] Institutes, IV, chap. 10. See Kampschulte, Calvin, Seine Kirche und sein Staat in Genf, pp. 256 *et seq.*

[2] Institutes, IV, chap. 20.

[3] Stähelin I, pp. 346 *et seq.* Kampschulte, pp. 428 *et seq.*

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Kings were much more likely to cultivate the worst than the best qualities. Davids were much less numerous among them than Sauls and Rehoboams. There was no place in Calvin's system for the recognition of monarchy by divine right. That theory was totally inconsistent with his views. In his opinion, monarchy should guarantee popular liberty, and magistrates should be appointed to check the excesses of the king.

Such in outline was Calvin's system of belief, so far as it had a political bearing. Within it several divergent tendencies can be seen. Viewed from one standpoint, his doctrine implied the separation of church from state; yet over against this stood the necessity of their indissoluble union. Neither could survive without the support of the other. The one idea seems to open the way toward toleration, but it is speedily closed again by the necessity of suppressing heresy and all deviation from a strict moral and religious code. The church becomes supreme over the state and the papal system is re-established, though modified in form. The tendency toward rationalism is checked by the demand that allegiance be sworn to the text of Scripture, as interpreted by unchanging canons of criticism. Finally, the tendency toward democracy in ecclesiastical and civil government is counterbalanced by the necessity for the maintenance of order and authority. Owing partly to its inherent character and partly to the resistance it met with from Rome, Calvinism became a much stronger political force than Lutheranism. It entered as a powerful leaven into the thought of the time; everywhere it was arrayed against absolutism and on the side of limited or popular government.

When Calvin undertook to establish a model Christian commonwealth at Geneva,[1] he was forced by the difficulties of the task to abandon in practice those parts of his theory which tended most toward freedom of development. So great was the resistance offered to his plans by the pleasure-loving populace of the city, that it was safe to bestow political power only on the few who could be trusted. The same was true in the church. The clergy, who were in sympathy with the reformers

[1] See Stähelin and Kampschulte.

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and who, with the presbyters, formed the Consistory, were subject in the exercise of their powers to practically no restraint from the congregations. In fact, Calvin himself attended and controlled most of their deliberations. He drew up both the civil and the religious code, and procured their acceptance by the city. After they went into operation he devoted himself to the work of enforcing obedience. Offences moral and civil, private and public, were classed together and punished with the greatest severity. The functions of church and state were wholly confounded. Heretics were condemned and handed over to the magistrates for execution. All the institutions of society — art, education, law, industry, family life — were as far as possible made to bend to ecclesiastical interests. The result was that instead of toleration, the most extreme intolerance prevailed; instead of the separation of church from state being realized, the church became supreme and a theocracy was established, at the head of which, as its human representative, stood Calvin himself. Though he had been trained to the civil law, he carried into execution a system which, in spirit and often in the very letter, was a reproduction of the Mosaic code.

Calvin's work at Geneva was an experiment. It was the first attempt to establish an ideal Christian commonwealth, a state based upon the literal interpretation and application of God's word. Though it was only partially successful, it commanded the attention of the Protestant world. Calvinists everywhere in France, Holland and the British Isles viewed it with admiration. Before the close of the sixteenth century Calvin's system of thought and policy gained a controlling influence over European Protestantism. What use was made of its underlying ideas by those who led the reform party among English-speaking peoples? In what combinations do the different tendencies appear among them?[1]

John Knox taught the doctrine of resistance to tyrants in

[1] The earliest political utterances of Calvinists in France were extremely democratic. They were the *Franco-Gallia* of Hotmann, and the *Vindiciæ contra Tyrannos*, attributed by some to Hubert Languet, by others to Du Plessis-Mornay. But these works do not directly concern us here.

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the most emphatic manner. His instructor, John Muir, of the University of St. Andrews, held that kings derived their power from the people, could be controlled by them, and, if tyrannical, might be deposed.[1] Knox accepted this doctrine and included under the term tyrant all magistrates who attempted to suppress the Calvinistic system of worship. Manifest idolators, *i.e.* Catholics, and wicked persons no oath or promise could bind a people to obey. By those who had elected them they should be deposed and punished.[2] Thus Knox wrote in 1556. In 1558, commenting on the letter which two years before he had written to the Regent Mary, he says:

> I answer with the prophet Isaiah, that all is not reputed before God sedition and conjuration which the foolish multitude so estimateth: neither yet is every tumult and breach of public order contrary to God's commandments.

His *Appellation to the Nobility and Commonalty of Scotland*,[3] written a few months later and during his second visit to Geneva, was a powerful incitement to insurrection, first against the bishops and then against the monarchy, if persecution and "idolatry" were not abandoned. In this letter he said:

> I fear not to affirm that it had been the duty of the nobility, judges, rulers and people of England to have resisted and gainstanded Mary, their queen, with all the sort of her idolatrous priests, together with all such as shall have assisted her, when that she and they openly began to suppress Christ's gospel . . . [In such a case] no privilege granted against the ordinances and statutes of God is to be observed, although all councils and men on earth have appointed the same.

George Buchanan, afterwards the tutor of James VI, was a fellow-pupil with Knox at St. Andrews. He became the leading political theorist among the Scotch Presbyterians. But as he had imbibed freely of the new learning, many of his forms of thought were drawn from the political philosophers of antiquity.

[1] MacCrie, Life of John Knox, p. 5.

[2] Second Blast of the Trumpet against the Monstrous Regiment of Women.

[3] This is printed in the Appendix to Knox's History of the Reformation, vol. ii (Edinburgh, 1816).

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In his work *De jure regni apud Scotos*[1] (1580) he set forth in the form of a dialogue his theory of the origin and character of monarchical government. He was concerned chiefly with Scotland, but it was also his express desire to give his argument a wide application. Like Aristotle, he found the origin of states to be in the social nature of man. The establishment of governments for these states was effected by means of compact. Kings were thus created by the people, and laws provided to guide and restrain them in their rule. From this the conclusion was drawn that the monarchical office exists for the public good, and its power is in no sense absolute. Even so-called hereditary monarchs, like those of Scotland, are bound by agreements made long ago with the people to obey the laws. Such compact is renewed whenever the coronation oath is taken. Kings and magistrates who govern according to law are to be obeyed, but the rule of a tyrant, who extorts obedience by force, is to be thrown off by the people at the first opportunity. If necessary, such rulers must be put to death. It was argued that there was nothing in the Bible inconsistent with this doctrine. Numerous examples were cited from ancient history and Scotch annals in support of it. Though the Scots had so often dethroned their kings, it did not prove, the author claimed, that they were seditious or given to rebellion.

These opinions suited well the spirit of the Scotch nobility. Under their influence, and without such provocation as the Calvinists of France and the Netherlands suffered, occurred the uprisings against the Regent Mary and her successors which resulted in the establishment of Presbyterianism. The doctrines reappear in the later struggle between the English crown and the Scotch church. They underlie the successive covenants which were agreed to by the Scotch nation and its English allies. The possibility of resistance to magistrates which Calvin had suggested, had become a reality. Amid persecution and violent party strife, theory and fact had reacted upon each other until both had developed in ways never con-

[1] Translated by MacFarlan and published in the Presbyterian's Armory, vol. iii. An outline of the work is given by Janet, Histoire de la Science Politique, vol. ii.

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templated by the early reformers. Still the Protestant theory which they formulated contained the germs of these later results. Knox and his followers always justified their policy by referring to the supreme obligation which lay upon their consciences, *viz.*, obedience to the command of God.

The Presbyterians of Scotland and England were content with the establishment of an aristocratic system in church and state. The object of their efforts in Scotland was to transfer the control of civil and ecclesiastical affairs from the monarch to the estates. The same was true in England. Buchanan gave expression to the modern democratic theory of government. In later years Rutherford and others stated it much more definitely. But these authors understood by "the people" only the nobles, the ministers and the burgesses. It remained for later thinkers to extend the conception of the politically active nation until it should include all citizens. In ecclesiastical affairs also the Presbyterians were equally averse to a democratic form of government. Their system was a rigid aristocracy. It gave to the presbyteries, synods and assemblies well-nigh absolute control over the doctrine and discipline of the church. It was a reproduction, so far as circumstances would permit, of the system which Calvin had established at Geneva.

In the matter of toleration, also, the Scotch adopted the same phase of the Calvinistic polity. Knox and his disciples, from Cartwright to Prynne,[1] believed in the protection of the church by the state, in the establishment of Presbyterianism as a state religion, and in the punishment of heretics[2] by the civil power. Their writings could be quoted at almost any length to prove this. All that Calvin had said about the union of church and state and the defence of the true faith by the secular arm, they made their own. They were able to carry it into practice in Scotland. During and after the civil war the same was

[1] See Cartwright's Admonition to Parliament. He approved Beza's theory of persecution. In his Helps for the Discovery of the Truth in Point of Toleration (London, 1647), he gave an elaborate defence of persecution, *etc.*

[2] By heretics the Presbyterians meant all who were not either adherents of their own faith or moderate Anglicans.

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attempted in England, but without success. The nation emphatically refused to substitute the rule of presbyters for that of its bishops.[1]

But Calvinism contained, as we have seen, another tendency, and this in due time appeared among its English adherents. After 1570 Elizabeth, aided by Whitgift, undertook to suppress non-conformity in England. The Court of High Commission was organized, and strict inquiry was made into the practices of the clergy with the view of bringing "prophesyings" and all other deviations from the established order to an end. The effort was successful; but before opposition ceased Browne and Barrow had uttered their protests, and the former had proclaimed the doctrine of the total separation of church from state. The magistrates, said he, "have no ecclesiastical authority at all, but only as other Christians, if so be they be Christians." They should "rule the commonwealth in all outward justice," but let the church rule in spiritual matters.[2] Barrow and his followers acknowledged the authority of the Queen in civil affairs, but in ecclesiastical would be subject only to the word of God. The prince, as a member of the church, must submit to spiritual censure, like any other persons. But they adhered to the Presbyterian opinion that the magistrate should compel attendance upon public worship. Browne affirmed that it was conscience, and not the power of man, which led to the growth of Christ's kingdom. No effort therefore should be made "to compel religion, to plant churches by power, to force a submission to ecclesiastical government by laws and penalties"; but the church should be ruled "in a spiritual wise," by "a lively law preached and not by a civil law written." Thus by Browne's writings religious toleration was first effectively proclaimed in England. With it went also separation from the Church of England and refusal to commune with it, so long as the episcopal office, vestments and ceremonial,

[1] The doctrine of the Westminster Confession of Faith was that the magistrate should preserve unity and peace in the church, keep the truth of God pure and suppress all blasphemies and heresies.

[2] Treatise of Reformation without Tarying for anie, 1582. Quoted by Dexter, Congregationalism, p. 101.

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the Book of Common Prayer and other badges of popery were retained. Above all it was necessary that the membership of the church should be purged and that those should be excluded who did not show personal piety. The Calvinistic conception of the church in its strictest and simplest form was brought again to the front. The independent local body was made the seat of power, and the machinery of government provided for it was the simplest possible. "The church," said Browne, "is a company or number of Christians or believers, which by a willing covenant made with their God are under the government of God and Christ."[1] The covenant with God should be supplemented by a covenant between the members and by the use of the sacraments. "The church government is the lordship of Christ, . . . whereby his people obey to his will and have mutual uses of their graces and callings to further their godliness and welfare." This implied a democratic form of church government. That all officers must be chosen by the church was taught by both Browne and Barrow, but the latter assigned large powers to the clergy and elders. So great in the eyes of these early Separatists appeared the corruption and intolerance of the establishment that they were thrown back upon the individual whom it neglected. Their attention was fixed upon his dangers and sufferings, and therefore upon his value and the necessity that his Christian life be nourished and kept pure. He should be considered apart from all the accessories of social position and solely with reference to his piety. If found worthy of church membership, he became thereby "a king, a priest and a prophet under Christ, to uphold and further the kingdom of God and break and destroy the kingdom of Antichrist and of Satan."

This theory of the organization of the individual church, supplemented by the possible introduction of synods, was adopted by the Independents, who appear early in the reign of James I. It was maintained by Smith, Ainsworth and Robinson, who fled to Holland, and by Jacobs, who remained in England. Some of these advocated total separation, others would continue fellowship with adherents of the Anglican church who still lived a

[1] Quoted by Hanbury. Memorials of the Independents, I, 21.

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genuine Christian life. Smith became the founder of the Baptist sect, which at once adopted the Independent form of church government. Some of the early Baptists proclaimed the doctrine of universal toleration.[1] To this Robinson inclined, though he did not adopt it. The prevalent theory among the Separatists resident in Holland was that the state for its own sake must see that a pure worship was maintained, that all attended public religious exercises and that gross offences against religion were punished.[2]

Browne had proclaimed in an imperfect form the democratic theory of government.[3] He said that magistrates received their authority "by the consent or choice of the people," though birth and succession were also acknowledged as sources. The object of magistracy he declared to be the execution of laws made by public agreement, and the maintenance of the right, welfare and honor of the commonwealth. Barrow, Penry and their associates attached to their idea of allegiance the reservation that laws conflicting with the word of God were not binding. Penry, in his examination before the High Commission, frankly avowed the principle of contract as that on which the monarchy was based, and claimed that the Queen was bound by it to grant religious liberty to her subjects.[4] In the reign of James I the Separatists were charged with holding democratic views and with hostility to the English government. Both charges they expressly repudiated. Ainsworth said that they believed not in democracy, and thought it not necessary, even though they had it in the church, to introduce it in the sta

[1] See Tracts on Liberty of Conscience, edited by Underhill and reprint[illegible] by The Hanserd Knollys Society. The most important are the tracts of Bushe[illegible]nd Merton.

[2] See writings of Robinson, Ainsworth and Johnson. Jacobs in England agreed with them.

[3] A Book which showeth the Life and manners of all true Christians (1582). Quoted by Hanbury, I, 21.

[4] See The Examination of Barrow, Greenwood and Penry before the High Commissioners and Lords of the Council (1586). Barrow acknowledged the supremacy of the Queen over the bodies and goods of her subjects, but added that no earthly power could "make any laws for the church other than Christ has already left in his Word." Penry always asserted that he did not mean to break the laws or cause insurrection. See his Treatise written to prove this (1590).

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also. Robinson declared that they honored the Kingdom of England "above all the states in the world," and "would thankfully embrace the meanest corner of it, at the extremest conditions of any people in the kingdom." It was the church alone which they accounted Babylon, and from which they separated.

So the matter stood when the Puritan migration to America began. The first to go were the members of the Separatist wing of the Puritans. Let us note how religious views and conditions reacted upon their political life.

The church at Leyden, when it opened negotiations with the Virginia company respecting a place of settlement, added to its religious functions the character of a business corporation. It sent agents to England to represent its interests there. Robinson himself was commissioned by it to negotiate with the Dutch West India company. The reports of these agents were received and acted on by the church, — the same body, organized in the same way, as that which met for worship on the Sabbath. When they had resolved to migrate to New England, this congregation formed a joint stock company with the merchant adventurers at London. To this organization for religious and mercantile objects, political functions were added when the compact was signed in the cabin of the Mayflower. Then that part of the church of Leyden which migrated to America became a state, which, though it recognized the supremacy of the King, was for all immediate purposes independent. That state was formed precisely upon the model of the church; it was the politically active congregation. Both were expressly based on compact, or mutual consent; both were pure democracies. The same individuals were leaders in both. Still, religious objects lay at the foundation of the enterprise. The Pilgrims came to New England not primarily to establish a democratic state, but to put into practical operation a democratic ecclesiastical polity. But the latter purpose so dominated their effort as, under the natural conditions which surrounded them, to bring everything else into harmony with itself. For several years community of property was maintained at New Plymouth. Then the control of industrial interests was allowed to pass into the hands of

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individuals, though the General Court still retained an indefinite right of supervision. But so long as Plymouth colony remained independent, it was one of the chief objects of the government to keep the forms of worship pure. This necessitated a certain deviation from the principles of democracy. Though no law was passed which excluded householders who were not church members from the franchise, still only those could become householders who obtained the approval of the governor and his council. In spite of this, however, the tendency and spirit of the colony were so strongly democratic that, as the religious motive lost force, the restrictions it imposed on political equality and freedom necessarily disappeared, and approximation was made toward a perfect democracy. Alliance with Massachusetts checked, but could not stop development in this direction.[1]

The settlers of Massachusetts left England just as the Puritans were becoming a political party. As soon as they arrived at Salem, they adopted the Independent form of church government. The members of the congregation signed a covenant and, under the power thus assumed, elected their officers. The same course was followed in the formation of all the other churches. The congregation at New Plymouth was at once recognized as a lawful church. Though the Puritans of Massachusetts still claimed to hold communion with the Church of England, connection between the two bodies practically ceased. The ministers who were driven from England by the measures of Laud became Independent as soon as they reached America. They were men whose characters and attainments alone would have given them great influence; but the fact that they and the magistrates were fully agreed that the main object of the colony should be to uphold the Puritan faith and to form a society in harmony therewith, greatly increased their power. The Puritan clergy believed that their form of church government was of divine origin. As soon as they had settled in America they began to expound it in sermon and treatise. Cotton, Hooker,

[1] See Young's Chronicles of Plymouth, Bradford's History, and Plymouth Records, I.

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Richard Mather, Eliot and Davenport led in this discussion which lasted for half a century. All the ministers took some share in it. Careful expositions of their polity were composed under the authority of the clergy as a whole and sent to England. In these apologies and treatises the process of forming the individual church was described in the greatest detail. Of this the covenant was the central idea.[1] They described and analyzed the obligations arising from it with the greatest scholastic ingenuity. The election of ministers and elders by the congregation, and the powers of each, were dwelt upon at equal length. Finally the theory of censure and excommunication, the primitive power of the church, was elaborated. In their views concerning church government, the New England Puritans occupied an intermediate position between the Presbyterians and the extreme Separatists. They never tired of repeating the idea of Robinson, that in the visible church there is an aristocratic and a democratic element, *viz.*, the officers and the congregation. In the decision of any question both these elements should have a voice. The elders were given large discretionary and administrative powers to be used for the discipline and guidance of the whole. Soon it was found that some sort of co-operation between the churches was necessary. Plans for federal union were discussed until they took shape in the calling of occasional synods, which adopted a creed and platform of discipline, and expressed the consensus of the churches upon important theological questions. Though the influence of the

[1] The idea of covenant or compact, when used to explain the formation of government, whether ecclesiastical or civil, may be employed in two senses. (1) It may mean an agreement between the ruler and the ruled, *i.e.*, between God and believers, or between the king and his subjects. This may or may not result in a democratic form of organization. Suarez and other theorists have held that subjects by compact surrender their rights once for all, and can never legally recover them. The theory in this form is used to justify absolutism. But the more common idea is that power is only temporarily surrendered and may be recalled when abused. (2) The compact may be regarded as formed and agreed to by larger or smaller bodies of individuals for the purpose of originating government. In this sense it was used by the Congregationalist clergy; also by political writers, like Milton and Rousseau. When used in this way it forms the central thought of the modern democratic theory in church and state. Hobbes is the only important writer who employs this form of reasoning for the opposite purpose.

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clergy was great, this was in its essence a federal-republican system of church government. The elements of it were derived both from the Mosaic and the apostolic systems. Writers drew freely upon both for precedents. But the spirit shown in the administration of the system was more Jewish than Christian.[1]

The men who devised and upheld this system of church government were also the political leaders of New England. Their theories about divine sovereignty and ecclesiastical rule naturally gave color to their views about politics. Had it been otherwise, they would not have been Calvinists. Calvin aimed to subdue the whole man to God. In the old world, because of the inertia of established institutions, it had not been possible for Calvinists to establish their ideal state. In America such obstacles did not exist, and political institutions quickly adapted themselves to the ideas of the men for whom they were formed. Soon after the emigrants left England for Massachusetts, White, the Puritan minister of Dorchester, said in his *Planters' Plea*, that under the new conditions in America both religious and political differences might arise. One of those new conditions was religious liberty. In the mind of the Puritan that involved the creation of a democracy, though it might be imperfect in form. In an anonymous but very important publication,[2] issued in 1629, it was said that a form of government different from that of Virginia would be established.

The political theory which first came to the front in Massachusetts and which dominated its policy for half a century was moderately aristocratic. When in 1634 Lords Say, Brooke and others proposed to settle in New England, if a nobility could be established there, it was admitted in the reply that an aristocracy was both natural and Scriptural. Cotton, in a personal letter accompanying the reply, said: "Democracy I

[1] See the statements of the divines sent to England in 1637 and 1639; and the writings of John Cotton, especially his Way of the Churches of Christ in New England. The works of Hooker and Davenport are also very full on this subject. Hooker, in his Survey of the Summe of Church Discipline, supposes that Christians before they have covenanted together are in a state of nature. The same idea appears in Cotton's writings.

[2] Young's Chronicles of Massachusetts.

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do not conceive that ever God did ordain as a fit government, either for church or commonwealth."[1] The proposal was rejected, not from fear of a nobility, but because one of its conditions was that persons who were not church members should be admitted to citizenship. Winthrop wrote to Hooker in 1638 that it was unsafe to give political power to the people, because "the best part is always the least, and of that best part the wiser part is always the lesser."[2] Again, in the heat of the struggle over the right of the magistrate to negative the resolutions of the deputies (1644), Winthrop declared strongly against democracy. He said that there was no warrant for it in Scripture, and that among most nations it was "accounted the meanest and the worst of all forms of government." It was "branded with reproachful epithets . . .; and historians do record that it hath been always of least continuance and full of troubles." Still Winthrop believed that power must be limited by constitutions or political covenants, similar to those existing between God and man.[3] He claimed that the government of Massachusetts was not arbitrary and that no government should be so.[4] He believed that the freemen should be the source of political power and should make their influence felt by means of elections and representatives. But he also argued that large administrative power and a share in legislation should be given to the magistrates, to be used for the promotion of religion and the public good. Liberty, he believed, was based on authority, and involved only the permission to do that "which is good, just and honest."[5] The above statements must be understood as directed against extreme democracy, the admission of all adult males to equal political rights, irrespective of property or creed. Such a policy would probably have resulted in the overthrow of many of the Puritan institutions. Hence

[1] Hutchinson, History of Massachusetts, I, 497.

[2] Winthrop's History, II, Addenda, 438.

[3] See his speech before the General Court in 1645, History, II, 281.

[4] Life, II, 440–459.

[5] Winthrop, History, II, 281. Milton expresses the same sentiment repeatedly. So does Harrington in Oceana. It is an idea within which was wrapped much of the political philosophy of the Puritan.

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Winthrop opposed it. But so strong was the current about him, that, in spite of his aristocratic preferences, he was forced to be a republican in practical life.

The leaders among the clergy thoroughly agreed with the views of the governor, though their opinions were influenced more than his by the Mosaic traditions. An authoritative statement of their views was made in the *Model of Church and Civil Power*,[1] written probably by Richard Mather and sent, with the approval of the other ministers, to the Salem church during the dispute with Roger Williams. "In a free state," they say, meaning Massachusetts, "no magistrate hath power over the bodies, goods, lands, liberties of a free people, but by their free consent." After making this thoroughly democratic assertion, they go on to state what they consider to be the absolute limit to the power both of the magistrate and the people. "And as all free men are only stewards of God, they may not give the magistrate power over these things as they please, but as God pleases. Therefore the magistrate's power is limited by the only perfect rule of the word of God." By the same rule, in their opinion, was the legislative power of the representatives of the people limited. It was necessary to go back of the simple will of the legislator to find the reason of laws. A right reason, or full justification of them, could be found only when they expressed the will of God. Here we have again the Calvinistic idea of the Biblical commonwealth, or of democracy regulated and modified by the necessity of upholding a divinely ordered ecclesiastical system. The legal precedents of such a state would not be drawn exclusively from England, but also from Geneva and the ancient polity of the Jews. It was held that such laws from the Mosaic code as were found useful, were obligatory in New England and should be put in force.[2] The leaders of Massachusetts, for the sake of their religion, established and defended an aristocratic system

[1] Quoted by Williams in The Bloody Tenent of Persecution.

[2] See John Eliot, The Christian Commonwealth (London, 1659). Also the Apologie of the Churches of New England . . . touching the Covenant (sent over in 1639, published in 1643). This tract is anonymous, but is expressly acknowledged by the clergy to be authoritative.

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of government in church and state, but the substratum of their thought was democratic.

The Massachusetts theory of the relation between church and state was thoroughly Calvinistic. In the document referred to above, as well as in all their other writings, it was stated substantially as follows. State and church are distinct in the sense that they work for different objects, and are controlled by different persons. The end of the state is to preserve "external and temporal peace," and that of the church to "maintain internal and spiritual peace." The work of both is to be done "in all godliness and honesty." Both are to be guided by the rules of the Word. The church is to promote holiness and thus to be the bulwark of the state. The state in return is to give "free passage" to the gospel. This it must do by divinely ordered laws concerning religion. It must punish sedition, contempt of authority in the church, heresy, blasphemy, slander, *etc.*, though in most cases not until the offender had been "dealt with in a church way." The magistrate should also compel all to hear the Word, encourage people to join the church and disperse all irregular assemblies, because they "destroy the peace of the churches" and dissolve the continuity of the state. They may also compel those who hear the Word to support its ministers, and establish and control schools for furnishing the church with educated pastors. It is their duty also to reform the corrupted worship of God, and to defend with the sword the pure worship. Still, they have no authority to interfere in the election of church officers, to perform any ecclesiastical functions or to establish anything but a pure form of worship. Finally, all freemen should be church members, and magistrates should be chosen exclusively from them.

Such was the statement in theoretical form of what in Massachusetts was fully carried into practice. We find, as in Geneva, a merely formal distinction between the functions of the church and those of the state, which amid the stress of circumstances is quickly lost sight of, and in its place appears an identification of the two. In Massachusetts the ecclesiastical did not so com-

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pletely overmaster the political as at Geneva, but it was chiefly because the resistance to the policy of the clergy was not so great. As it was, however, until about 1660 the theocratic element distinctly predominated. Every public question had its religious bearing, and in most cases that aspect attracted the chief attention. When any such case came before the magistrates or the General Court, the advice of the clergy was sought and almost invariably followed. The magistrates, with an occasional exception, were orthodox, and the ministers could count upon a majority among the deputies. The clergy, in an extra-legal capacity, acted as a board of referees on important questions of legislation, judicature and practical policy. They were consulted about relations with the Indians and with the mother country. Their advice was sought on the question of the distribution of power between the magistrates and the deputies. They prepared elaborate statements respecting the form of the Massachusetts government and the relations of its several parts. To the clergymen was assigned the task of preparing the first draft of laws for the colony. Sermons, whether delivered before the General Court or elsewhere, might at any time have a political bearing and convey direct political instruction. Like the ecclesiastics of the middle age, the ministers of New England were statesmen and political leaders. No affair of government was indifferent to them. With the magistrates, they constituted for half a century the governing class in Massachusetts — the oligarchy which shaped its policy and growth. They upheld the church and commonwealth against threats of attacks by the home governments, the efforts of Gorges and Mason, the complaints and agitations of schismatics. They formed the New England Confederacy, and brought the settlements of New Hampshire beneath their control. They established a system of common and higher education and the other social institutions which contributed to that self-denying and heroic, but cheerless, Puritan life. As at Geneva the result was a narrow, forced and one-sided development. But there were other tendencies even in the system itself which were destined to develop until they

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swept away the oligarchy and the type of society which it had established.[1]

Transfer the idea of compact from ecclesiastical to political relations, and we have the underlying thought which is to be found in all the references made to government by the Puritan divines. The analogy between the gathering of a church and the formation of a corporation or state was a favorite one with them. In 1639 the clergy said: "Every city is united by some covenant among themselves; the citizens are received into *jus civitatis*, or right of city privileges by some oath."[2] So it is in the church. Again they argue that all voluntary relations, as those between husband and wife, master and servant, prince and subject, are based on covenant or agreement. By this the proportion of burdens or advantages which each party shall receive is determined. In this way churches must be formed. The same argument was used by Increase Mather.[3] Hooker developed the thought most clearly and returned to it again and again.[4]

[1] An excellent statement of the theory on which this course of policy was based is contained in Rev. John Davenport's Discourse about Civil Government in a New Plantation whose Design is Religion, published at Cambridge, Mass., in 1663. He argues that church and state have a common author, God; a common subject, man; a common ultimate object, the glory of God. They differ only in their immediate objects, that of the state being the preservation of the lands, liberties and peace of the outward man. While this would lead to different powers, laws and offices, it would in no sense involve a separation of church from state. The pamphlet was written to defend the New Haven system of choosing civil officers wholly from among church members. That form of government, says the author, is best, wherein "1. The people that have the power of choosing their governors are in covenant with God. 2. Wherein men chosen by them are godly men and fitted with a spirit of government. 3. In which the laws they rule by are the laws of God. 4. Wherein laws are executed, inheritances allotted and civil differences are composed according to God's appointment. 5. In which men of God are consulted with in all hard cases and in matters of religion." This "is the form which was received and established among the people of Israel while the Lord God was their governor." Had Paul been writing to Christians who were forming a new plantation, and who thus were able to choose what was best, he would have advised the choice of church members as magistrates. In that way alone can the organic union between church and state be maintained, and the two be made to co-operate in peace. Davenport supposes that the commonwealth will be the only form of government established in the Puritan plantation.

[2] See Apologie of the Churches of New England . . . touching the Covenant (London, 1643).

[3] See his Order of the Gospel (Boston and London, 1700).

[4] See Hooker's Survey of the Summe of Church Discipline (London, 1648), pp. 50, 69, 72, 90.

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Amongst such [he says] who by no impression of nature, no rule of providence, no appointment of God or man, have power each over other, there must of necessity be a mutual agreement, . . . before by any rule of God they have any right or power, or can exercise either, each toward the other. This appears in all covenants betwixt prince and people, husband and wife, master and servants, and most palpable is the expression of this in all confederations and corporations.

Obedience, he holds, is not obligatory in any of these relations until after full agreement. He also points out the close analogy between the activity of the individual in the church and in the commonwealth. We shall meet Hooker and his views again.

Rev. John Eliot, the apostle to the Indians, undoubtedly spoke the whole mind of the Puritan ministry when he said, in the opening sentences of his *Christian Commonwealth*:[1]

It is the commandment of the Lord that a people should enter into covenant with the Lord and become his people, even in their civil society, as well as in their church society. Whereby they submit themselves to be ruled by the Lord in all things, receiving from him both the platform of their government and all their laws.

After giving the substance of the church covenant, he continues:

So now they do outwardly and solemnly, with the rest of God's people, join together so to do in their civil polity, receiving from the Lord both the platform of their civil government, as it is set down in the Holy Scriptures, and also all their laws, which they resolve through his grace to fetch out of the word of God.

Here the divine origin of both state and church is affirmed, with the conclusion, to which the Puritans had closely approximated in practice, that the two should agree in form. The treatise was chiefly occupied with sketching the outline of an ideal commonwealth suggested by the political organization provided by Moses for the Israelites, while in the desert. The plan was wholly democratic and provided for the choice of magistrates by local groups, as well as by a series of groups increasing in size until they comprised the whole nation. It

[1] The Christian Commonwealth or the Civil Policy of the Rising Kingdom of Jesus Christ (London, 1659).

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was the work of a Puritan idealist whose thoughts ran wholly within Old Testament grooves. Eliot had previously tried to carry his scheme into practice among the converted Indians. When Charles II ascended the English throne, the Massachusetts government suppressed the book, lest it might give offence to the supporters of restored monarchy, and Eliot acknowledged his error in writing it. Still its underlying thought is suggestive.[1]

The democratic tendency which showed itself in some of these utterances appears in conflict with the clergy and magistrates of Massachusetts on various occasions from its settlement to the forfeiture of the charter in 1684. In 1631, the second year of Winthrop's governorship, the freemen of Watertown refused to pay the sum of £8 levied upon them for the fortification of Newtown, because the court of assistants was only an administrative body, and therefore had no right to levy taxes.[2] When they were shown that the assistants were chosen by the freemen, and that their power therefore was of a parliamentary nature, the men from Watertown acknowledged their error. But the next year it was enacted that the governor and deputy governor should be chosen by the whole body of freemen, and not, as hitherto, by the assistants.[3] Each town was also empowered to choose two men to attend the next court of assistants "about the raising of a public stock, so that what they should agree upon should bind all."[4] In 1634 two deputies from each town appeared before the magistrates and demanded the establishment of representative government. Winthrop proposed as a compromise that a committee of deputies from the towns should be appointed yearly to revise the laws and present grievances to the assistants, but not to make new laws. This by no means satisfied the popular demand, and at the next session of the court the representative system was introduced.[5] The sentiment expressed by Cotton in a sermon preached before this

[1] With Eliot's ideal combine suggestions derived from the Spartan *mora* and the Roman century, and you have the substance of the scheme of government developed by Harrington in Oceana.

[2] Winthrop, I, 84.

[3] Massachusetts Records, I, 95.

[4] Winthrop, I, 91.

[5] Records, I, 118.

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court, that a magistrate should not be deprived of his office without just cause and trial any more than a person should lose his freehold without due process of law, provoked criticism and was reserved, we are told, for further consideration. In 1636, because of a dispute over the advisability of allowing the Newtown congregation to migrate to Connecticut, the deputies were given powers in legislation equal to those of the assistants.

The next manifestation of the democratic spirit was the demand for a code of laws. This was persistently urged, until in 1641, after the work of the Long Parliament in England had made it safe, the Body of Liberties was published and went into force. It is significant that all feudal privileges were prohibited by this code, and that in all matters except religion the equality of citizens before the law was recognized.[1] The principles of Magna Charta, as interpreted by English Puritans, were fully incorporated into the legal system of Massachusetts.

In 1644 the deputies were organized into a separate house. They were now in a position which enabled them vigorously to support the popular course. The impulse toward democracy came not only from the freemen, but from those who, because of religious opinions, had been excluded from active citizenship. The clergy saw that one result of the movement would be the abolition of the religious restriction on the franchise, and united with the magistrates to oppose it. The popular party actually proposed that an agreement be made with the other confederated colonies to extend the privileges of freemen to such as were not church members.[2] But this proposal was dropped as premature. The whole energy of the party was devoted instead to an effort to procure an abolition of the negative voice of the assistants in legislation, and to limit the discretion of the magistrate in matters of judicature and administration. Hathorne of Salem, the leader of the popular party among the deputies, proposed that fixed penalties be attached by statute to crimes. Through fear of hostilities with the French and Indians the assistants had chosen a special council of war. The legality of

[1] See 3 Mass. Hist. Coll., VIII.
[2] Winthrop, II, 192.

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this act was disputed, because it had been done without the consent of the General Court. Hathorne even threatened that the administrative orders of the magistrates would not be obeyed. The object of this policy was to subject the magistrate wholly to the will of one assembly elected by universal suffrage. A heated controversy lasted for months, but the power of the clergy and assistants was too strong to be broken. Though they were upholding Puritan exclusiveness, they were at the same time defending the cause of constitutional republicanism against extreme democracy. They were successful, and prolonged the control of the clerical party for a generation. But so deep became the feeling of opposition to its rule that when, after the Restoration, the Crown interfered in earnest, the Puritan leaders found themselves unsupported by public opinion, and were forced to yield. All freeholders were admitted to full citizenship and the old ecclesiastical policy was abandoned. Thus the aristocratic tendency in New England Puritanism received its deathblow. The way was cleared for the more perfect growth of democratic ideas and institutions.

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THE CASE OF THE NEGRO.

THE wish is frequently expressed by Southern civilians that intelligent and candid Northern students of social problems, and especially those who interest themselves in the condition and prospects of the negro at the South and in his relations to the whites, could and would go South and study this problem on the ground for themselves. It is indeed much easier to assume the leading conditions of the supposed problem, or to accept without question the statements or judgments to which an ignorant or partisan press, catering to the Northern appetite for social and political sensations, gives currency, and then to hold as proved the conclusions which seem to follow. But if it be a true judgment which is wanted, it is absolutely necessary to base our reasoning on *facts;* and that too, not upon isolated and exceptional facts, however well authenticated, but upon such as are fairly general and representative. It is a problem for inductive, not for deductive politics.

The Northerner may, indeed, go as a stranger, taking his theories and his preconceptions with him; he may sojourn in the South as in a strange land; but in such case he will return very much as he came, having had little opportunity and having gathered little material for forming a righteous judgment. If, however, he be an honest truth seeker, he will go in a teachable spirit; he will go ready and able to enter frankly into personal relations with truly representative and equally candid Southerners — to become for the time being one of themselves; he will live their life, share in sympathy their cares and perplexities, bear their burdens and enter into their aims and efforts; in fine, he will put himself into their place and will be careful above all not to exact of them, even in thought, what under parallel circumstances he would not suffer another to exact of him. If he go in such a spirit, he cannot long continue to question the great and practically universal solicitude of the

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Southern whites for the education, the industrial progress and above all the moral elevation of the negro.

At the North this interest, though for the most part vague and speculative, may be and in certain instances undoubtedly is strong and genuine; but — it is sporadic. At the South, it is far more than general; and he who doubts this fact only betrays either his ignorance or the power of his prejudices. Whether the feeling is due to a benevolent desire for the true welfare of the negro himself, or only to a clear perception of public interest and social necessity, the effect is the same. The assertion cannot be made too explicitly or be over emphasized. As truly at the South as at the North, nothing stands between the negro and the whites but the characteristics of the races and the antagonisms growing out of those characteristics. No one personally familiar with both parts of the country can fail to realize that at the South the negro is every whit as free as at the North to avail himself of every opportunity for his own improvement, for his industrial interests and for his moral good; and that the Southern whites are quite ready to encourage and to help him in these. Indeed, as between the Northern and the Southern white, the willingness to assist is far greater in case of the latter; for the interest which the one feels in the negro is at best an abstract principle, while as a rule it is a real and a personal interest which moves the other.

Even in the days of slavery, Southern social polity had a patriarchal character of which few who had not entered into it had any conception, and to which the Northern censor very rarely did justice. Slavery was, as may now be freely claimed and acknowledged, a great anachronism in this nineteenth century; and, like all anachronisms, greater were its wrongs and evils than its good. But, none the less, that patriarchal polity, with all its moral advantages for the negro, was real; and at this distance of time it were childish to deny that the evils of slavery were tempered in practice by a strong family feeling, and by a deep sense of personal responsibility on the one hand and of loyal devotion on the other, neither of which was

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appreciated at the North. This feeling of mutual dependence and regard has by no means even yet died out. There yet remains in the old negroes who were family servants before the war, much of the old affectionate devotion to their former masters and mistresses and even to the children of these. As long as there are left those who remember the steadfast fidelity with which, during the war, the slaves labored for and protected the wives and children of their masters absent in the field, so long there will be, as there now is, a strong element of gratitude in the earnest interest which the Southerner feels for the welfare of the negro. Of this feeling the Northerner naturally knows little or nothing. He neither shares this personal interest himself, nor comprehends it in the Southerner.

It is then an unquestionable fact that the Southern whites are the true and intelligent friends of the negro. However much Northerners may, in the abstract, be interested in his rights or excited about what they regard as his wrongs, they have commonly, none the less, a personal aversion to the concrete negro — an aversion to personal relations with him of which there is no trace at the South, and the knowledge of which abates much of the effect of the most earnest Northern exhortations in his behalf. There is always and everywhere a large class of those whose consciences are extremely sensitive about the shortcomings and sins of others; and the Northern censor of Southern offences in connection with the negro does not escape frequent identification with this class.

Now the negro is not an Anglo-Saxon, or a Celt, or a Scandinavian — only undeveloped and with a black skin. No ethnic reasoning can be safely based on any such assumption. And yet this assumption is, however unconsciously, made the virtual premise of most of the current reasoning and declamation upon the subject. The African is on the contrary a wholly distinct race, and the obstacles to social equality and political co-efficiency between that race and our own are not factitious but anthropological. Their foundations are laid in human nature, and especially in Anglo-Saxon nature; and they can no more be destroyed by arguments or by legislation than any

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other ethnic facts. This is a consideration which our deductive social and political philosophers seem to leave entirely out of account. The negroes, moreover, although all Africans, are by no means all of one tribe or stock. In their ancestral conditions, one of these tribes, best represented among us now by the brown negro, was very far superior to the black or Guinea negro, alike in physical vigor, in native dignity, in moral energy and in capacity for improvement. It has been plausibly suggested that this brown type (which, by the way, must be very carefully distinguished from the mulatto or any other degree of mixed blood) is allied to the Arab. Again, it is necessary to consider the modifying influences to which the various branches of the race were subjected during the period of slavery. It was the negro of the finer type that was naturally preferred for the household service or for other places of greater trust and responsibility. But, of whatever stock, those who were reserved for such service, especially if from childhood, grew up in immediate personal relations with the members of educated and refined families and under what was virtually the discipline of Anglo-Saxon family training, and were thereby raised to a moral plane distinctly above that of those who were plantation slaves — mere field hands, wholly or almost wholly without any participation in such advantages. Such distinctions might well be perpetuated through after generations.

It is of course extremely difficult, if not indeed impossible, save on occasion and in individual instances, to classify the negroes of the present day on either of these bases or to draw any distinct lines between them. But, none the less, these considerations at least suggest the grounds on which we should expect to find some who, whether of the finer stock or of domestic antecedents or of both combined, were, on emancipation, far more fit than others to take advantage of the opportunity within their reach for their own improvement. Such, indeed, we do find, and they are now making steady progress to higher civilization and moral culture; while the great mass of another and the much more common type seem ever ready, when the restraining hand of the Anglo-Saxon is withdrawn, to revert

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to forms of barbarism and brutality little if any above those of their African ancestors. Of this fact, too, deductive politics utterly neglects to take account. It does not consider the impossibility of applying to the latter class political conclusions derived from a superficial study of the former. It may be added here that a prominent negro authority to whom the thought of a tribal distinction had not occurred, attributed this great contrast of the classes, — the existence of which he freely and fully admitted, — entirely to the simple fact that some are while others are not now living in direct relations with the better classes of Southern whites and under their morally controlling influence.

At this point, it is perhaps also worth an inquiry how far we have based an erroneous judgment of the average negro upon his record as a soldier. We are apt to forget that the negro soldier of the Civil War had been first disciplined in slavery, and that, while he had the moral stimulant of freedom, he was yet under arbitrary military government, with only the duty of endurance and of active, prompt and unquestioning obedience. These were the very conditions to make the best of him, but they were as different as they well could be from those in which he was at once thereafter placed. It had been a wise policy if for fifty years at least the great majority of the negro young men had been required to serve in the army, for their own sake and for the country's. Italy has, by such a policy, trained up a new generation of Italian citizens; and a generation of negroes who had been so trained and disciplined might have been afterwards entrusted with the ballot with less injury to themselves and less serious consequences to the country. But that would have been national statesmanship, not party politics.

As it is, that moral training of the essential character — that moral elevation of the type which is the absolutely indispensable preparation for all successful education of the individual negro — had been, to some extent, already acquired before emancipation by the few; but with the great mass of the negroes even in our day, it is yet to be acquired — it is, for the most part, yet wholly wanting.

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Waiving, for the moment, these distinctions, the negroes are as a rule cheerful, patient, affectionate and easy-going. They are imitative and are easily influenced for evil or for good by others or by their own impulses or passions. With a strong bodily frame and a vigorous muscular system, they have great powers of endurance and great capacity for work, and, in all manual labor, for successful work. But they have little natural disposition for work save to supply present necessities. That knowledge which alone can teach the necessity of more or less continuous labor of some kind, and those motives which best stimulate the voluntary energies, develop slowly and with difficulty in the negro character. They have a strong and vivid imagination and a keen sense of the present, but only a feeble hold upon the past and less interest in the future. With them the single fact — the concrete — is everything. They do not realize the abstract or the general; and, therefore, it is with difficulty, if at all, that they learn from experience. Even at the best, they are rarely good at planning, and they are notably deficient, as are all in whom the inductive faculty is weak, in executive ability. They have no real sense of law or of right and wrong as principles, distinct from the personal will of a superior. Individual negro rule, be its moral quality what it may, will be despotic: collective negro rule in a community could rarely be saved from anarchy but by being itself under despotic control.

But the first condition precedent of a right understanding of the relations of the negro to the Southern whites is, that not only these common characteristics, but also the above distinctions of types or classes be ever borne in mind. Whatever the causes, the results are far too strongly marked and far too important to be ignored. There is undoubtedly a small proportion — as a rule the best representatives of the better type — who, having had great advantages already, are ambitious of further improvements for themselves and, still more, for their children. These are willing both to labor and to deny themselves present self-indulgence for such future profit. They make good use of such educational means and opportunities as are

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within their reach. They are careful and even provident in the use of money. They are well-mannered, self-respecting and respected; they are desirous of harmony with the whites and of the truest elevation of their own race. These make excellent mechanics, carpenters and workmen in every kind of smithing. The advance of some of them in education, in industrial prosperity and, at times, in an intelligent appreciation of public affairs is most gratifying and exceptional. They are unobtrusive and by no means disposed to be made the occasion of social or of political trouble, seeking neither social nor political prominence. This class of negroes have no complaint to make. They take, as a general thing, little active interest in politics. If they vote at all, they vote as they will, on one side or on the other; there is neither objection nor hindrance: between them and the whites there is a substantial identity of industrial interests clearly recognized on both sides. "Our condition," said one of these, "is improving rapidly, — quite as fast as we fit ourselves for its improvement." It is the great Northern fallacy, that what such as these are actually, the whole race may be taken to be potentially; and that legislation may be safely based on that assumption.

On the other hand, the overwhelmingly large proportion of the Southern negroes are as yet utterly lacking in any moral preparation either for the political trust which is demanded for them or even for the educational advantages which are given them. To a very great extent, these are not merely ignorant, improvident and, for the most part, coarse, dirty and sensual; but they are quite indifferent to any real improvement in character, incapable of acting with appreciative reference to the future, and given to expecting results without any effort or wish to fit themselves for or to attain them. There is, indeed, one improvement for which very many of this class *are* desirous, and that is schooling. That this is all which is lacking in them, is the one sweeping idea of the whole class. The average negro attributes all the advantages which the whites have over him exclusively to their better or more extended schooling. He is consequently eager for education — in this limited sense of that

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word — and more education and yet higher education for himself and for his children. The radical moral differences between the races seem almost never to occur to him. He does not seem to be aware that such qualities as manliness, industry, thrift, reliability, self-control, energy, steadiness, foresight, truth, decency and purity — in every one of which he is notably wanting — have anything to do with the issue. He is wholly unconscious that it is lack of these, and not his ignorance of grammar, geography and arithmetic, which really separates him from the whites and makes him immeasurably their social and political inferior. His Northern friends, falling so commonly into the same woful mistake, take it for granted that when the negro shall have been sufficiently instructed in school studies, there will and can remain nothing but an unreasoning prejudice against his black skin to separate him from the Southern white or to account for the unwillingness of the latter to be governed by him.

It is manifest to the Southerner, on the other hand, that to provide intellectual advantages, certainly beyond those of primary schools, for such negroes as these, is more than premature; that to give the franchise to them was, in a very large majority of cases, a positive injury and practically a moral wrong to them. What they need for their bettering, — for their self-protection, if it is to be put upon that ground, — is moral training; and as they get absolutely no such training from their parents or at home, they must get it, if at all, from their relations with the community. They have need to feel the strong necessity of labor; they have need to acquire habits of steady and intelligent industry; they need the moral discipline which slowly calls out manliness and compels foresight. Far, far more serviceable to them than the mental instruction for which such negroes as these are morally unprepared, would be the daily work in the fields or in the shops, from which they are first withdrawn and for which they are afterwards unfitted by the public schools. They who are sincerely desirous for the real elevation of the negro, — more desirous for his good than to make use of him for their own purposes, — must begin with him

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where he is. It is an open question whether all the schooling which has been so lavishly provided has done the average negro more good or more harm. Certainly, the political influences to which he has been subjected and the policy of which he has been made the occasion or the unreasoning factor have done only harm. It was in connection with these considerations that an elderly negro, deploring the degeneracy of the younger generation of negroes as a whole, shrewdly quoted, not long since, the homely proverb: "You can't make a silk purse out of a sow's ear."

In the place in which this article was drafted, lives a negro of the better class, now over seventy years old, but hale in body, clear headed and of excellent judgment, upright in character, with whom the substance of the article was freely discussed. He was a slave, of course, till past middle life. His master was ruined by the issue of the war and he was set free. He has since, by honesty, industry and good sense, earned and accumulated a very considerable property, and he is said to have as good credit at the bank as any white business man of the neighborhood. He has always cared for his former master and mistress, conscientiously paying over to them, to this day, a certain sum for their support, on the ground of what he *owed* to them first for protection and then for moral training. This man, in answer to an inquiry as to what the negroes, as a race, most needed to secure to them the full advantages of their freedom, replied:

Common sense and character. They who have good sense and good character don't want any help. The trouble is that most of the young negroes think that emancipation and the franchise give them a right to a living without working for it; to social equality without manners or decency; to place without the slightest training or experience; and to the respect of the white people without any character. Schooling helps the best of them; but it is the ruin of the rest, making them think that their hands are now too clean for the only kinds of work that they can reasonably expect to get. So they take to loafing, or else to preaching or politics. And politics [this in a tone of supreme contempt] is even worse than schooling. Some of them come to think that white men *need* them to help govern the country; and that the most ignorant, worthless black man is naturally superior to the best educated and most industrious white man. That is what politics does for them. They don't know any better.

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It does seem true, — if one may trust to a comparison of present observation with the memories of early life, or to a comparison of those now old with the young, — that, with all their considerable gains in the education of the intellect, the younger generation of Southern negroes is, as a whole, in manners, in morals and in character, inferior to that which grew up before the war; and the prospects before them, as a race, are not encouraging if, in these respects, they are to continue on the lines of advance in which they have been led for the last five and twenty years. Had the freed negro been left to himself and to those who knew both his needs and his defects — to those who had every interest, industrial, social and political, in his real elevation, and who were his truest because his wisest friends, no harm might have come to him even from the franchise; possibly some good, in that it would have added to the motives for his patient training in all that would best fit him for the safe and intelligent exercise of such a trust. But to give him the franchise only to make him the instrument of the political fanaticism, the selfish purposes or the party passions of those who have no real interest in him; and, at the same time, to open a breach — a perhaps irreconcilable antagonism — between him and those who alone could have truly befriended him — between him and those upon his trusting relations with whom his real improvement directly depended, — this was a wrong to the negro which it is difficult to characterize in moderate terms and of which the best that can now be said is this: They knew not what they did.

The truly industrious, prospering and self-respecting negroes, on the one hand, like the unambitious common run of the lower class on the other, have of themselves no complaint to make. These alone are satisfied. Both, in their widely different ways, need and are needed by the whites. To both alike, the proposal to remove elsewhere is motiveless; and the political agitation about their condition and their rights is either uninteresting or absurd. But they who stand between the two, — who are indeed largely the product of political interference, — a small fraction of the better and a large following of the lower

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class, and, above all, they who have had enough of school education to make them self-conceited, self-important, aggressive and offensive, and who are now unwilling to take the manual labor which they could get and which would support them well, preferring to wait in idleness for other occupations which they cannot get; and with these, they also who are discontented with the consequences, but not at all with the fact of their ignorance and vulgarity; they who are ambitious, not for improvement, but for place and privilege; they who will not work and wait patiently for honest gains, but are easily tempted to be turbulent and insolent; they who value the franchise and political activity for the excitement of the thing, for the money for which they can sell their votes or because they think that they may acquire a claim to social equality and possibly to some position over white men; — all these are easily banded together, either by one of themselves or by some white political leader, as a race party, to follow any demagogue who may make his party account in controlling their vote.

Negroes of this class become insufferable. They come to think it due to themselves to be offensive to all who do not recognize their social equality. They recognize no industrial or business obligation which may not be thrown aside at any whim. They are insolent in language and in conduct. A vulgar negro boy, imitating his elders, will grossly insult a white girl coming from school. A gentleman or even a lady who would not be involved in an unseemly altercation on the street, must yield the precedence to the coarsest negro, even to taking the open roadway and giving him the sidewalk. A Northerner can freely resent such conduct; so could a Southerner in the case of a rude and vulgar white man. But if he does this in the case of a black man, on the street, in the cars or on a steamer, — if a white policeman so much as arrest a negro thief, a crowd of black loafers who claim that any attempt to restrain a negro is an infringement on his freedom and his franchise, may try to rescue him, and the incident is denounced as an outrage on the negro and on his rights. One does not need to be long at the South to see this for himself.

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Setting aside then the better type of negroes, to whose participation in the franchise, let it be repeated, there is nowhere either hindrance or objection, and in reference to whom there is, therefore, no issue; and setting aside also the inert, unambitious negroes who are too utterly indifferent to it to raise an issue; it is this ignorant, turbulent and offensive class of negroes who are alone the actual objects of the present political agitation. These become a snare to ignorant enthusiasts and a facile tool in the hands of unscrupulous politicians, and they are themselves only made the worse by it in every way.

For these the Southerners, to the extent of their means and power, are doing what they can; and they gratefully welcome and accept all real assistance that generous and philanthropic Northerners will send to them. But, pending the honest experiment whether this class of negroes can be materially and essentially raised in character, the former do not propose to have strangers, who would themselves quickly enough and at all costs, resent and resist any attempt of the kind at home, force upon them negro equality or put these blacks again in control of the civil government over them. As long as politicians continue to mass this black vote and to use it for their own party purposes, wherever their success in so doing is at all probable, there the self-respecting white man will naturally postpone every other difference of political opinion or interest and every other consideration, and do what he may and can to keep the South "solid" in merest self protection.

This then is the sum of the matter. The franchise has been conferred by the law as it stands, North and South, on all alike, without distinction. Among the negroes it belongs to the exceptional fraction who use it fittingly and to the great multitude who use it or would use it, if to any practical purpose, only to their own harm, to the demoralization of society and even to the destruction of the most important interests of the land. If, to forestall the natural consequences, means are sought and found, where the danger is most imminent, "to influence," to manipulate or even to suppress this negro vote; and if the South declare that the white man shall rule there as

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well as at the North; why should it be deemed a greater marvel than when similar things take place in other latitudes?

We have debased, brutalized and almost exterminated the North American Indian. We have driven the Mongolian with contumely out of the land. And this, in either case, because their whole conception of life, of morality, of industry, of law and of public interest was utterly subversive and destructive, not of our personal prosperity only, but also of our very Anglo-Saxon civilization. When the case was our own, we of the North and of the West did not hesitate to declare that this was "the white man's country." And yet we set up the African negro, — who is in general the inferior of the Indian in racial quality and of the Chinaman in civilization, — and endeavor to secure for him a controlling balance of power if not the absolute rule over our brethren of the South.

It is hard for an intelligent Southerner to think that it was only through ignorance of what would be the practical working of the electoral franchise in the hands of the negroes, that the excited politicians and doctrinaire statesmen of the Reconstruction period were betrayed into the stupendous folly of placing it there. It is difficult for him to realize that such ignorance of the facts still prevails at the North. Macaulay says that the English Puritans abolished bear baiting less because it gave pain to the bears than because it made sport for the men. Is it strange if the insistence on the negro vote seem to many to be dictated far less by a desire to elevate the negro than by the deliberate purpose to humiliate and to degrade the Southern white, and to arrest the new prosperity of those states which might otherwise come to rival the North and the West in industry, in energy and in wealth?

It should not then be difficult to imagine in what temper Southerners, continually irritated by the easy insolence of a certain class of negroes, read the language of a partisan press or the speech of some radical politician on this subject. It should not be difficult to realize what a Southern community, wrought almost to frenzy by the outrage and murder of one of their own young daughters by some negro brute, think of the

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discourses of Northern preachers about the violated rights of the negro, or of the proposal of federal laws to secure the return of negro domination. All this can have no other practical effect than to encourage the worst classes of the negroes and to embitter the Southern whites. If such discourses and such proposals have been due to the ignorance of the facts which has widely prevailed at the North, that ignorance cannot be safely suffered to continue; if they are elements in a deliberate political policy, unscrupulously worked for party purposes, that policy is a most perilous one.

Such a policy surely needs but to be exposed in its real character to rouse all that is manly, generous, true and just in the North to put an end to it. There are enough candid Northern men living at the South to assure Southerners that they may confidently put their trust in the sober second thought and honorable feelings of the North. And these Northern residents of the South will bear witness also to us that there is no race question there, save that which imaginative sociologists or unscrupulous politicians are themselves manufacturing and forcing upon it. But they will also plainly tell whom it may concern that no social crusade or political faction can even so much as attempt to impose negro equality on the South, or to set up again the negro rule of the past, without the most disastrous results to the social, financial and political interests of the whole people.

WM. CHAUNCY LANGDON.

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COMPULSORY INSURANCE OF WORKMEN IN GERMANY.

ON the 17th of November, 1882, the Emperor William announced to the Imperial Diet that the Federal Council would present to them a series of laws to insure workmen against the evils of accident, sickness, weakness and old age. With that rescript Germany entered on a course of semi-socialistic legislation which, in the law to compel insurance and provide pensions for the invalid and aged, may have reached the end its venerable author sought. This act was passed on the 22d of June, 1889, and began its uncertain career on the first of January, 1891.

It is already clear that it is less easy to stop such a movement than to set it in motion. Bills for the protection of labor and the regulation of trade constantly extend the functions of an already paternal government. Germany has thus placed herself in a unique position, which her journalists are pleased to call the van of social progress, and she claims the credit of pointing the way to a solution of problems that perplex alike republic and empire. In what follows I shall try to give as brief an account as the subject allows of the laws now in force compelling insurance against sickness and accident, with the latest statistics of their practical working, but without the countless details which confuse even the officials who execute and the jurists who comment on the legislation. Since the benefits of the acts are in every case measured by wages, and since these lie at the base of the new pension law, it has seemed worth while to condense the latest available statistics of unskilled labor in all the states and also in the chief cities of the empire. These alone make it possible to judge the scope of the Aged and Invalid Pension Law, of whose effect on the laborer, the government and the tax-payer I shall present such a statement as the absence of practical experience permits. The three laws affect

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in great measure the same persons, they supplement one another, and they all must be borne in mind in estimating the relations of the German workman to the state.

The modern sick funds find their historical background among the miners of Silesia.[1] In 1854 Prussia extended the system to other classes of workmen, made it obligatory and subjected it to state supervision. Bavaria adopted a similar but less stringent law in 1869. Prussia modified her law and dropped the obligatory feature in 1876, hoping to counteract socialistic agitation. These laws, however, proved unsuccessful in practice. Old men found it hard to secure admission into mutual organizations; young men chafed under political restrictions enforced by government supervision, while the relief afforded was too inadequate to prove a counter-attraction. Thus it happened that in January, 1882, from 30 to 40 per cent of the workmen of Berlin engaged in trades were not insured against sickness at all, and of the rest but a fraction were members of the registered clubs.[2] But the tendencies of government in Germany had become more and more paternal, free organization of labor was regarded as dangerous, and so it was determined to return to the compulsory law of 1854, but to extend and develop it for the whole empire. Thus while few features of the law of 1883 were new, its wide extent and compulsory character make it a legislative and perhaps a social landmark. As developed up to the present day this law applies to every German miner, factory or foundry hand; to all workmen engaged in the railroad, postal or steamboat service, in building trades, warehouses and dockyards; to all handicraftsmen, machinists, farm and forest laborers and, with some restrictions, to all household servants. Every such workman must, if employed for more than one week and paid at a rate of less than 2000 marks annually, be a contributing member of some fund that will insure him against sickness.[3] Of such funds the law recognizes seven kinds, whose fees and benefits greatly vary.

[1] Schönberg, Handbuch der Politischen Oekonomie, article Arbeiterschutz.

[2] *Ibid.*

[3] *Reichsgesetzblatt*, 1883, p. 73; 1884, p. 71; 1885, pp. 5, 162. [For an English translation of the laws, see *Quarterly Journal of Economics*, vol. ii, pp. 111–120. — EDS.]

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First there is the town fund (*Gemeindekrankenkasse*). Every township must form a sick fund, for which laborers not insured elsewhere may be taxed from one and a half to two per cent of the average wages of unskilled labor in that district. It may allow others to share voluntarily in the insurance, but it must make up any excess of expenses over receipts out of general taxation. Employers are responsible for the contributions of their employees, but on pay-day they can withhold from the wages from two-thirds to the whole of the contribution, according to the nature of the employment. They must report to the authorities all workmen employed by them, and must pay the contributions of such workmen until the announcement of their discharge. Such insurance as this would cost a workman earning 600 marks a year from nine to twelve marks.

The town fund is the base of the system, but it is meant for those only who cannot or will not find a place in the higher organizations which pay their own expenses and are therefore allowed, of course under the inevitable government supervision, to manage their own affairs and to fix their own fees and benefits. To these all laborers of the better class belong, for, as will appear presently, the unofficial organizations alone furnish really effective insurance. The largest of these semi-independent organizations is the local fund (*Ortskrankenkasse*). This demands an entrance fee, divides its members according to trades and to the risks of their occupations, and grades its fees accordingly. Separate funds (*Fabrikkrankenkassen*, *Baukrankenkassen*) are formed for workmen employed in factories and on railroads, canals or buildings. Their formation is obligatory when the work involves peculiar danger. Here the owner or contractor pays the cost of management, and he must meet any temporary advance of money that may be required.

The old miners' associations (*Knappschaften*), the trade funds (*Innungskrankenkassen*) and the free funds (*Freikrankenkassen*), for such laborers as preferred more freedom at greater expense, remained essentially unaltered by this law, which provided, however, that they must not give less aid than the town funds. As a matter of fact they usually gave more than any others. Most

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vexatious police regulations have been devised, however, to discourage the free funds, and bills now under consideration will make them nearly impracticable. The government fears them as nurseries of political propaganda, and it stated openly as early as 1884 that "the whole idea of this legislation rests on conceptions opposed to free associations."[1] At present 39 per cent of all insured are in the local funds, 24 per cent in factory funds, 15 per cent in the free clubs, 12.5 per cent in town funds, 8 per cent in miners' associations and 1.5 per cent in trade and building funds.[2] This indicates the relative importance of the various organizations.

Before considering what these organizations cost, it is best to note the obligations which they assume, and which, in the main, they successfully meet. Workmen insured in the town fund can claim (1) free medical treatment, medicines and medical appliances, bandages and even spectacles; (2) from the third day of sickness till the end of the thirteenth week, if they are sick so long, one-half the local wages of unskilled labor in cash or, at the discretion of the fund, free hospital treatment. The money payment may be wholly or partially withdrawn where sickness is the result of drunkenness or criminal negligence, but the aid noted under (1) is given in every case. On the other hand, the fund has a claim on any damages that may be recovered by an injured man, and in estimating its claim may reckon the aid under (1) as worth one-half of that under (2).

The six mutual associations usually charge about three per cent of the wages actually received, but may charge much more, and in estimating either fees or aid they take no account of any excess over three marks in daily wages. They give the aid noted under (1), and may extend that under (2) to three-fourths of the normal wages of the man's class, and to six or even twelve months. In case of accident, however, this charge now falls on the employer after the thirteenth week of disability. It cannot exceed 2.25 marks daily, but the funds pay twenty days' wages on a member's death to his widow or for his

[1] Arbeiterversicherungs-Gesetznovelle, *Reichsgesetzblatt*, 1884.
[2] Statistik des Reichsversicherungsamts, 1890.

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funeral, and furnish aid to a wife for from three to six weeks during confinement.

The thirteen weeks' care secured by this law puts the burden of 95 per cent of all accidents and sickness on the workman.[1] It has therefore no tendency to depress wages, but rather the contrary. Where disability is permanent, the accident and invalid insurance, whose incidence is different, takes up the work. Here careful investigation is necessary to fix the injury sustained and the aid to be granted, and time must be allowed the workman for an appeal if he thinks himself wronged. Meantime he needs immediate aid, and this he secures to himself by the sick fund.

The practical workings of the law may be briefly summarized. The latest statistics are for the year 1888.[2] In that year there were 20,268 organizations, insuring 5,920,568 persons, of whom 22 per cent were women. But while the average membership of all the funds was 288, that of the local funds alone was 587. During the year all these funds together had given care and partial wages to 1,762,520 persons for 29,528,770 days and had paid allowance for 44,500 deaths. In the town funds the average cost per day was 1.73 marks, of each sickness 27.07 marks; in the free clubs the averages rose to 1.90 and 42.44 marks. The daily cost reached its maximum, 2.50 marks, among factory hands. The total thus returned to the insured was 61,561,500, or 11.40 marks for each member. Management absorbed 4,503,300, and other expenses, including the reserve, 19,452,300 marks. Thus the entire outlay was 85,517,100, or 15.84 marks per man, so that the net immediate return was 72 per cent of the outlay. The income was 91,914,400, or 17.03 marks for each member; but of this the workmen furnished only 74,748,700, or 13.86 marks per man, the average varying from 9 and 7.05 in the town funds to 25.90 and 20 marks in the build-

[1] Statistik der entschädigungspflichtigen Unfälle im deutschen Reiche für 1887. Reichsversicherungsamt, 1890.

[2] Statistik des Reichsversicherungsamts, 1890. Also see Statistik der Krankenversicherung der Arbeiter für 1888, in Statistik des deutschen Reichs, published by the imperial statistical bureau; volume 46, new series.

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ing funds. At the end of the year the reserve was 48,950,200 marks. Deducting the contribution of the towns and employers, it appears that everywhere except in the free clubs the average annual contribution was from 0.52 to 2.13 marks less than the return to the insured. The funds work cheaply and are not felt to be a burden by either employers or employed. They might be impracticable under other conditions or undesirable among those educated to self-help, but in Germany this beginning of the new era has proved almost an unmixed blessing. So much cannot be affirmed of the measures that followed, or prophesied of those that are planned.

Most members of the sick funds now enjoy insurance against accident through the laws of 1884, 1885 and 1886,[1] which affect about 4,500,000 men. Here the organization for agricultural laborers is in the hands of the provincial government, which collects contributions from the employers. Elsewhere the employers form trade associations (*Berufsgenossenschaften*), which raise and manage their own funds, subject to the supervision and in a measure to the control of the imperial insurance bureau (*Reichsversicherungsamt*). This bureau is composed of four members of the Federal Council and an equal number of employers and workmen, the latter chosen by the sick-fund committees, excluding the free clubs. It will be noted that while the workmen have a voice, the capitalists have a safe majority. Many states of the empire have organized state bureaus on a similar plan.

Under this law all employers are *de jure* members of some trade association. They must seek and can compel reception. The associations choose managing committees, and usually divide into local sections, which bear one-half their losses, while the general organization assumes the other half. In 1888 there were 350,697 such associations. The membership varies greatly. Miners count 348,707, chimney-sweeps but 5452. Hence, as will appear, they are operated with widely varying success.

An employer contributes according to the danger of his trade. Those who will not adopt the precautions demanded by

[1] *Reichsgesetzblatt*, 1884, p. 69; 1885, p. 159; 1886, p. 132. [English translation in *Quarterly Journal of Economics*, vol. ii, pp. 121–134. — EDS.]

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the association are fined and their rates are raised. The rate so fixed is paid in full on all wages of less than four marks daily. An excess over four marks is reckoned at but one-third its actual amount; *e.g.* a wage of six marks is taxed as 4.67. The income may be used only for (1) expenses of management, (2) aid to the victims of accidents, (3) rewards to those who hinder accidents or aid the injured and (4) the maintenance of reserve funds. Nearly 500,000 marks were given as rewards under (3) in 1888. To prevent any possible (political) misuse of money, annual accounts are rendered to the central bureau, to which also the rules and regulations of each association must be submitted for approval, with the opinions on them of a committee of workmen.

The interests of the insured are supposed to be guarded by a workmen's committee, whose members are chosen by the sick funds and whose expenses, together with an allowance for wages, are paid by the association. The insured also appoint a delegate to share in the investigation of accidents. The workman's cause seems thus protected at every step, and this is necessary; for whatever he gets is at the expense of the employer. A last safeguard was sought in a board of arbitration, where, too, the workmen's delegates were paid by the association, while appeal to it was wholly free. The casting vote here, however, was with an official, and the men were not effectually protected from discharge or "blacklisting" if they proved unmanageable delegates; so that the interests of the employers have at least not been unduly imperilled.

In case of accident the sufferer, as we have seen, is cared for for thirteen weeks by his sick fund. But where the case seems likely to result in death or permanent injury an investigation is immediately begun by the police, who summon expert testimony when desired and communicate the results to the association. This body, when there is occasion, must proceed immediately to fix the damages and present to the injured man or to his heirs a clear account of what they mean to do. This must state the degree of injury assumed and the manner of estimating the aid. With this the man may appeal to the arbitrators and in some cases to the central bureau. Pending a final decision he will

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receive whatever has been already granted. From the fifth to the thirteenth week of disability the association adds to the aid of the sick fund enough to make two-thirds of the man's normal earnings. After that it pays all costs of cure, with two-thirds wages for complete disability and in other cases a proportional sum. Here is a broad field for dispute and wrong. The associations are apt to avail themselves of it, and sometimes seek to avoid all payment by pleading that men have caused their injuries purposely.

The aid is given as a yearly pension, and in reckoning it any excess of earnings over four marks a day is counted at but one-third its actual amount, and 300 days are considered a year. Thus one earning 4.60 marks daily is held to earn 4.20×300 per year, and for total disability he would get annually two-thirds of this, or 840 marks, paid in monthly rates in advance through the post-office. If he can earn anything *in any way*, his allowance is proportionally diminished. To estimate the efficiency of this insurance it is necessary to know the wages. The tables that follow suggest that the great majority of insured men must earn less than three marks a day. In that case the highest pension would be 50 marks per month.

In case of death 20 days' wages are given for the funeral, and 60 per cent of the pension may be continued to the dependents of the deceased. Of this, dependent parents or grandparents may claim one-third, the wife one-third and each child under fifteen one-fourth. Where there is not enough to meet all claims, the share of the children is reduced. *E.g.*, a man earns 4.60 marks daily. This is reckoned as $4.20 \times 300 = 1260$ marks per year. Sixty per cent of this sum is 756 marks. A parent gets one-third, or 252 marks. But the remaining 504 marks are insufficient to pay one-third to the widow and one-fourth to each of two children. Their shares will be reduced one-fifth, to 201.40 and 151.20 marks. Should the parent die or one of the children pass fifteen, the others would get their full share. Where a boy is injured he gets a man's allowance after sixteen; but if he marries, neither widow nor children have any claim.

In accepting a pension the workman surrenders his right to

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sue for damages, unless the police investigation shows malice or criminal negligence. Should he then recover enough, he must repay to the sick and accident funds all their advances. It was hoped that this provision would do away with one of the chief causes of irritation between capital and labor. It seemed to remove their personal opposition and to substitute on both sides an impersonal organization. The wage earner, it was urged, will stand no longer single-handed in an unequal legal contest with the resources of his employer, save where the police have given him presumptive right; he will secure justice without expense or personal opposition to his employer. Such were the hopes of the advocates of the law. Its workings have satisfied neither employers nor workmen.

To employers the cost of the system is often a grievous burden. In 1888[1] the accident associations paid for accidents 8,662,788, but had to raise 25,206,752 marks. The burden on industry was nearly thrice the benefit to the workmen. Much of this sum was destined for a reserve fund, but its loss is none the less real; for it is capital withdrawn from active use and earning at most three per cent. The actual annual expense for management, including the state subsidies and lost interest, was 4,500,000 marks — less than 18 per cent of the sum raised, but more than 50 per cent of the aid given. Judged by the smaller figure, the associations work more cheaply than private companies; but this is due entirely to the great industries. In textile branches, for instance, the total cost is 2.48 marks per man, the cost of management 0.42 marks, while among chimney-sweeps the management alone costs 4.01 marks per man insured and the accidents call for but a tenth of this sum. Small industries have the fewest accidents and the largest expenses. Here the burden is certainly disproportionate to the benefit and goes to handicap German industry, even though, as some suppose, the insurance here too comes eventually out of the wages. Workmen, also, have cause to complain; for their representation is often practically nullified. Employers refuse to let delegates leave their work, or note their absence against them for the future in a way that no law has

[1] Statistik des Reichsversicherungsamts, 1890.

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been devised to check. Socialists, indeed, regard this law as a sort of partial payment of the debt that capital owes them, and accept it as an earnest of more to follow. They think the same of the Aged and Invalid Pension Law — a measure that is far more vast in scope and more uncertain in its action.

Before analyzing this new law it is essential to note the rate of wages which the great mass of unskilled laborers now earn throughout Germany. For this we have the statistical tables prepared by the government for the town funds.[1] These give the wages of unskilled men, women, boys and girls in 2395 districts, embracing the whole empire. From these I have calculated the average for each province; but since the districts vary in population and wages are higher where population is more dense, the averages are a little too low. Exact figures would require endless labor. I have thought it sufficient to append the wages in all cities of over 50,000 inhabitants, arranging these in the order of their respective political divisions from west to east, so as to exhibit at the same time the gradual fall in passing from the manufacturing to the agricultural and mining regions. The population, except for Berlin (1890), is for 1889.

From the second table it appears that, allowing with the accident and invalid laws 300 days to a year, the annual earnings of males in 12 towns range from 425 to 537.50 marks. In 33 others they are between 600 and 810 marks. Unskilled labor rises above the latter figure only in such exceptional places as Bremerhaven (900). In eight towns women earn less than 335 marks, in 35 others they earn from 355 to 540, in two from 555 to 600. From Table I it appears that in four provinces with 248 districts unskilled males earn less than 350 marks a year. In 24 provinces with 2040 districts the average wages fall below 550 marks, and in six others, including Berlin, Hamburg, Bremen and Lübeck, with 107 districts, they range from 555 to 680 marks. Women in 27 provinces earn less than 350 and in seven from 360 to 525 marks. The full significance of these figures will appear from a study of the Aged and Invalid Pension Law, but they show also how inadequate the sick-fund allowance of one-

[1] See Schmitz, Uebersicht der ortsüblichen Tagelöhne, 1887.

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half or even the accident allowance of two-thirds of the wages must be in many cases. And yet, low as these wages are, I share the belief of many that this labor is as highly paid in proportion to its efficiency as our own.

TABLE I.

WAGES IN PFENNIGE.

STATE OR PROVINCE.	MEN.			WOMEN.	BOYS.	GIRLS.	NUMBER OF DISTRICTS.
	High.	Low.	Aver.	Aver.	Aver.	Aver.	
Alsace-Lorraine	250	180	195	154	120	96	65
Rhine Province	250	120	177	116	100	71	124
Westphalia	250	100	150	112	90	75	113
Hohenzollern	200	150	162	104	86	67	6
Hanover	300	120	162	108	96	75	152
Bremen	300	200	236	175	125	118	4
Hamburg	250	180	220	135	92	92	7
Oldenburg	220	130	177	120	98	79	24
Schleswig-Holstein	270	150	200	127	90	75	27
Lübeck	220	150	190	132	92	71	3
Mecklenburg-Schwerin	200	120	154	104	82	71	101
Mecklenburg-Strelitz	200	120	158	100	82	67	21
Brunswick	200	100	170	100	96	71	58
Lippe-Detmold-Schaumburg	175	100	140	100	82	67	25
Hesse-Nassau	240	120	162	110	100	75	97
Hesse	220	100	144	92	86	67	165
Baden	250	130	170	120	96	75	104
Würtemburg	250	100	170	108	96	73	266
Bavaria	265	80	165	112	86	71	188
Saxe-Coburg	140	100	120	83	82	60	8
Saxe-Weimar	180	130	152	96	88	71	8
Saxe-Meiningen-Altenburg	190	80	142	83	82	67	73
Anhalt-Schwarz.-Sonders.	180	120	162	106	100	71	12
Schwarzburg-Rudolstadt	200	75	127	90	82	71	25
Waldeck-Reuss	220	95	138	96	82	71	98
Saxony (province)	210	100	162	100	90	71	109
Saxony (kingdom)	200	100	148	96	82	67	121
Brandenburg	250	100	150	94	71	62	64
Berlin	240	240	240	150	130	100	1
Pomerania	200	95	116	75	67	54	41
West-Prussia	180	80	127	75	67	50	78
East-Prussia	200	80	110	67	62	42	85
Posen	160	75	108	67	54	42	22
Silesia	160	80	106	67	62	46	100

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TABLE II.

DAILY WAGES IN PFENNIGE IN CITIES OF OVER 50,000 INHABITANTS.

NAME.	POPULATION IN THOUSANDS.	MEN.	WOMEN.	BOYS.	GIRLS.
Strassburg	119	220	120	100	65
Mühlhausen	75	220	180	120	100
Metz	55	250	180	100	80
Cologne	267	250	150	150	80
Düsseldorf	133	240	150	120	80
Elberfeld	122	240	150	100	80
Barmen	119	240	150	100	80
Aix	105	200	120	100	70
Crefeld	105	240	150	120	100
Essen	73	240	150	120	80
Dortmund	89	200	140	120	80
Bremen	124	250	200	125	125
Hanover	155	200	150	120	100
Hamburg	544	250	185	100	100
Altona	139	250	180	100	100
Kiel	59	270	160	100	80
Lübeck	59	220	160	100	80
Brunswick	94	200	150	100	100
Frankfort a.M.	171	240	170	140	100
Cassel	69	212	138	122	90
Wiesbaden	60	210	140	100	65
Mayence	71	220	120	110	80
Darmstadt	54	200	120	90	75
Carlsruhe	68	200	130	100	70
Mannheim	68	230	140	100	75
Stuttgart	126	200	140	100	70
Munich	291	230	150	110	100
Nuremburg	129	200	130	90	70
Augsburg	70	180	140	100	100
Würzburg	59	170	140	100	75
Magdeburg	180	200	140	120	100
Halle	92	210	140	120	100
Erfurt	63	160	90	70	70
Dresden	269	180	120	90	70
Leipzig	287	200	133⅓	83⅓	83⅓
Chemnitz	125	160	110	100	80
Berlin	1574	240	150	130	100
Frankfort a.O.	57	140	100	60	60
Potsdam	53	150	100	50	50
Stettin	107	200	100	100	75
Danzig	121	170	70[1]	125[1]	40
Königsberg	161	180	125	65	55
Posen	71	160	100	75	50
Breslau	324	160	100	80	60
Görlitz	61	160	100	80	60

[1] So in the official Uebersicht der ortsüblichen Tagelöhne; but this seems a transposition.

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The Aged and Invalid Pension Law, to an examination of which I can now proceed, is the most gigantic — I had almost said the most monstrous — attempt to deal with the "little ones" of the state that the modern world has witnessed. One returns again and again to the study of the law disposed to hope and yet constrained to smile. That it can be efficiently executed, seems almost inconceivable. As I write, the law has been in operation for a week, and experts are still in doubt whether the number of the insured will be 11,000,000 or 13,000,000,[1] — whether it will cost the state in the first year six millions or ten. In the recent conference of the executive committees there was no unity of interpretation even as to the classes to be insured, and most thought that experience only could guide in so hazardous an experiment. Some experts have calculated that the state subvention will rise in 25 years to 70 millions; others think this figure will not be reached for three-quarters of a century; all are sure it will be reached some time. It is emphatically a leap in the dark. The government estimates that 600,000,000 stamps will be used in the first year to pay the premiums, and that a new building will be required at Berlin to hold the clerks who will try to keep the accounts of the new central office. What gain there is to justify so vast an undertaking will appear, if we examine not only its economic effect on the workman, the tax-payer and the state, but also the political power it places in the hands of the German bureaucracy. The following account of the law is essentially accurate, but details and exceptional provisions are sometimes passed in silence; for a full exposition of its 162 sections would prove more wearisome than profitable to the present purpose.

Practically every person between 17 and 70, male or female, who works for wages of less than 2000 marks annually is under this law.[2] The only important exception is government servants already insured, while the total is probably rather more than 25 per cent of the entire population. The law may be extended at

[1] Berlin is said to contain 328,822 persons subject to the law.

[2] *Reichsgesetzblatt*, May, 1889. [English translation in *Quarterly Journal of Economics*, vol. iv, pp. 103–128. — EDS.]

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the discretion of the Federal Council to employers for account of others and to independent household industries, as well as to *dienstmänner*,[1] washerwomen, nurses and the like. In so far as this possible extension is not made, members of these classes may insure themselves voluntarily, but at somewhat greater expense, unless they are over 40 years of age.

To consider the matter first from the workman's point of view, take the case of a young man of 17. On January 1, 1891, he is provided by the local office with a card of yellow pasteboard bearing upon its face his name, the name of the local office, the date of issue, extracts from the law and spaces for the weekly stamps in which his payments are to be made. He can get a new card whenever he wishes to surrender the old, and a receipt is given him for the latter. On the first working day he presents his card to his employer, who affixes to it stamps for the week's payment. The sum will vary according to his wages. Class I comprises earnings up to 350 marks annually, or 1.17 marks a day; for this the weekly fee is 14 pfennige. Classes II, III and IV represent respectively earnings of 350 to 550, 550 to 850 and over 850 marks; here the weekly fees are 20, 24 and 30 pfennige. Half of this payment the employer may deduct from the wages, half he is supposed to pay himself, though ultimately the whole tax will probably fall on the workman. Forty-seven weeks count as a "year," so that the annual fees in the four classes are 6.58, 9.40, 11.28 and 14.10 marks, of which the workman pays directly only one-half. Piece work is to be converted into time labor at the judgment of the inevitable official, and since each week is assessed and paid for separately, a single month may conceivably present fees of all classes. This will be noted in detail on the workman's annual receipts entered on his card by the local office.

The rates noted above are only temporary. They may be raised anywhere at any time as necessity may demand, and may be different in the same place for different industries. If each class is to pay its own way, it has been calculated that the fees

[1] Men who make a living by odd jobs.

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must ultimately be 22, 38, 50 and 66 pfennige weekly,[1] or 10.34, 17.86, 23.50 and 31.02 marks annually. These figures should be made the basis of calculations on the benefits and burdens of the law, but I feel confident that even here the cost of management is underestimated. Yet, as the present effects of the law immediately concern us, I have in what follows taken only the workman's half of the present minimum charge as the cost of the insurance to him. It must be noted, however, that during military service payments are made for him by the state, and that during any sickness lasting more than eight days and less than one year they are remitted. Under these conditions, then, the workman must, by the normal fees or by voluntary contributions, complete at least 47 weeks for each of four successive years or lose all claim. When he has contributed 235 weeks, or five "years," including sickness and military service, he has a claim to the invalid pension; a claim to the age pension is obtained by 1410 weeks' insurance. Of the 235 weeks, 117 must be for actual work or military service; the rest (118 weeks) may be made up by his paying voluntarily, though unemployed, the full fee for Class II and a special tax, now eight pfennige weekly, to the empire—in all 28 pfennige. Thus to get an invalid pension in Class II, he or the government must have paid from 23.50 to 44.74 marks, and the employer from 23.50 to 11.70 marks. His contributions must continue so long as he is able to earn one-sixth of the average wages of the classes to which he has belonged during the past five years,[2] plus one-sixth of the local wages of unskilled labor. As long as he cannot do this, he gets a pension proportioned to the length of time he has contributed and to the class of his contribution.—sickness and military service being reckoned as of Class II.

The pensions are calculated thus: the empire furnishes 50 marks annually as a subvention, the local office 60 marks, to which it adds for every week's contribution or sickness two, six, nine or thirteen pfennige, according to the man's wage class as

[1] Gesetz betr. Invaliditäts- und Altersversicherung, mit Erläuterungen von Bebel und Singer (Stuttgart, 1889), p. 87.

[2] These averages are fixed for the four classes at 300, 500, 720 and 960 marks.

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shown by each week's stamps, while the government adds six pfennige for each week of military service. The following table will show in marks the invalid pensions attainable in each class after contributing from five to fifty years. It is true that a man will hardly ever be for all his life in one class, and so these pensions will seldom be actually paid; yet they give a good general idea of the material assistance that the law affords.

TABLE III.

EARNINGS.	CLASS I. Below 350 M.	CLASS II. 350–550 M.	CLASS III. 550–850 M.	CLASS IV. Above 850 M.
Pension after 5 "years"	114.70 m.	124.00 m.	131.15 m.	144.55 m.
" " 10 "	119.40	138.20	152.30	171.10
" " 15 "	124.10	152.30	173.45	201.65
" " 20 "	128.80	166.40	194.60	232.20
" " 25 "	133.50	180.50	215.75	262.75
" " 30 "	138.20	194.60	236.90	293.30
" " 35 "	142.90	208.70	258.05	323.85
" " 40 "	147.60	222.80	279.20	354.40
" " 45 "	152.30	236.90	300.35	384.95
" " 50 "	157.00	251.00	321.50	415.50

If a man should not become invalid until he had contributed 1410 weeks, or 30 "years," he would be entitled at 71 to an age pension without regard to his earning power. This is calculated in a similar manner. The empire furnishes 50 marks and the local office 60 as before, and the latter adds for each week of contribution or sickness four, six, eight or ten pfennige, according to the class shown by the stamps. If one remained always in the same class, the annual pension would be: Class I, 106.40; Class II, 134.60; Class III, 162.80; Class IV, 191 marks. All these sums are paid in monthly rates in advance by the post-office.

The former tables show that the greater part of German workmen never rise above Class II; and though accurate statistics are lacking, it is reasonably certain that far the greater part of them become wholly or partially invalid before 60. Comparatively few reach the age of 70 at all, but the last table shows that pensions attainable at this age in Classes I and II will not make the recipient independent of charity, and the

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prospect of the aid cannot justify even a petty deduction from weekly earnings. It will therefore be for a man's interest, after establishing his claim by 235 weeks' contribution, to consider only the invalid pension. The age pensions will eventually play but a very small part in the scheme.

The age pensions, however, attain a temporary importance through a venturesome provision which opens them to all over 40 years of age who would have been insured under the law for 141 weeks during the years 1888–1890. Such a person need only complete a number of statutory "years" equal to the difference between his age and 71. Hence one who becomes 71 in 1891, and can bring the necessary proof of employment or sickness, will get his pension for nothing at all. There are said to be 173,000 such fortunate persons in Germany, and for some time to come, each year will see a great increase in the number.

There are a number of devious ways by which the deserving may miss, while the undeserving attain, the benefit of the law. The act is indeed not easily intelligible, and there are some disputes as to its meaning; but the socialist lawyers have already begun to provide the workmen with ingenious guides to its abuse, and no one will be permitted to suffer from ignorance of how to profit by it at the expense of the government and the tax-payers. Thus by beginning voluntary insurance at 36 and by paying just enough to keep the claim alive, one may for 92.25 marks get at 60 years of age a claim on 126.82 marks annually, while the full payments of 329 would establish a claim to but 194.60 marks. Those who feel their strength failing as they approach 40 years, the limit of voluntary insurance, will not neglect this, and the government will have many thousand "selected risks" not at all of its own selection.

Again, if by energy or ingenuity a pensioner should become able to earn the pittance represented by one-sixth of his normal wage and one-sixth of the local wage of unskilled labor, — and he must be helpless indeed if he cannot, the more as an official is the judge of his ability, — he immediately loses his pension. This may produce injustice that borders on the ludicrous. I find by calculation that a man in Hanover who had been earning

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1500 marks annually for 15 years must be unable to earn 260 marks before he can get a pension of 201.60, hardly an eighth of his former earnings. But if, as would usually be the case, his powers gradually sank so that for the next five years he could not earn over 850 marks per year, he could get no pension if able to earn 203.34, while if able to earn anything less than this, he would get 206.45. Thus one who could earn 200 marks would be just 206.45 marks better off than one who could earn 204. With such premiums on shirking open to 11,000,000 or perhaps 13,000,000 men, either the really needy or the public purse must suffer, and very probably both.[1]

Vexatious, too, and apparently unjust, is a provision arbitrarily classing members of the free clubs, the most skilled men in German trades, with unskilled labor in Class I. Government organs openly proclaim that this, like similar provisions in bills now pending, is intended to undermine this last refuge of self-help for workmen.

A very venturesome provision and one that is liable to abuse is that which makes the invalid pensions available from 1892. Any insured person who becomes invalid between 1892 and 1896 and who has contributed for 47 weeks, may take to his credit all weeks for the preceding five years in which he would have been insured, or in which he was sick or in the army. In calculating his pension, he is considered to have contributed for these weeks at the rates of Class I. Thus a man of Class III who has paid 120 weeks by February 1, 1894, and can show that for 115 weeks between February 1, 1888, and January 1, 1891, he would have been insured under this law, will get, in pfennige, 120×9 plus 115×2, or 13.10 marks, together with the 50 and 60 marks noted above — in all 123.10 marks annually. But it may be noted that it will often be hard and even impossible to get evidence of employment. Washerwomen, sewing-women, nurses and the like will hardly ever be able to avail themselves of this provision.

A large group of persons under forty years of age will be able to insure themselves, if not already invalid, by paying 28 pfennige

[1] Compare §§ 9, 16 and 33 of the law.

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a week, and unless the local offices exercise very close control, the friends of such persons are likely to furnish them the means even if they are invalid. For by paying 131.60 marks for 470 weeks a man could get a claim to 138.20 marks annually. No one near forty will contribute voluntarily with the hope of attaining the age pension after 1410 weeks, but those who feel themselves growing weak will find here their opportunity.

A claim lapses in case one does not complete 47 weeks in each of four successive years, and it can be revived only after 235 weeks of contribution. Nothing is paid to those imprisoned or out of the country. Emigrants and banished socialists therefore will lose all that they have paid. One who draws a pension from the accident fund or any other source will get under this law only enough to make up 415 marks; which means that he will usually get no return at all for his payments. Women who marry after 235 weeks of contribution can recover their proportion of the fees, and the share of a husband or parent who dies without attaining a pension of any sort will be given to the widow or children. But if the marriage or death occur before the 235th week, as the former usually does, the payments are wholly lost to the insured.

In specified cases two-thirds of the pension may be paid in provisions and wares. The government first proposed to make such method of payment dependent on the choice of the insured, but the conservative "Cartel" in the Imperial Diet struck this provision from the bill, in spite of the stringent provisions of the pending Trades Bill against the truck system. Nominally the pension cannot be pledged or transferred; but since public charities may claim from it what they have granted to the pensioner, and since many invalids, with most of the aged, will still be dependent on charity, a great part of the whole law becomes illusory. It will merely shift a little more of the burden from the public to the shoulders of the poor. So far then as the insured are concerned, the law offers them no adequate return for the loss of an opportunity to accumulate a little independent capital. It will not alleviate misery or solve the social problem. Its excuse for being must be sought elsewhere. But the machinery of insurance must first be noticed.

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The part of the employer ceases when he has bought the necessary stamps, affixed them and collected his half from the workman. It was indeed at first proposed by Prussia to put the management in the hands of the trade associations. But this part of the bill of 1887 met with uniform opposition. The associations were so clumsy and costly that they themselves shrank from the added burden, and, at the suggestion of Bavaria, the Federal Council created a third organization for labor insurance. To have placed the system in the hands of the efficient sick funds would have been to give the workmen too great a voice. Therefore the bill creates new local agencies, extends the functions of the imperial insurance bureau, adds imperial district inspectors and makes the post-office its bank, though temporary deficits in the local offices will be made good by the state.

In the local offices the stamps, cards and receipts are furnished. Each office invests its funds separately and gives an annual account to the central bureau. The power is given them to compel testimony, to examine employers' books and to exercise the general bureaucratic control characteristic of such German institutions. A certain uniformity of action is secured by the central bureau and the imperial inspectors, but this does not cover many points, and there are sure to be wide differences of interpretation. The local offices must invest at least three-fourths of their funds in German state securities. Should this materially enhance the price of government stock, the income will be proportionally reduced and a larger reserve will become necessary. The benefit of this will fall wholly to the state; the undivided burden will fall on the workman in the form of increased rates.

The practical working of the law will be somewhat as follows. A man who thinks he has a claim to a pension will present to his local office his receipt cards and whatever other evidence he may have. The sick-fund committee is then consulted, after which the whole evidence is submitted to the office where the last payment was made. Here the case may be summarily rejected, subject to appeal, or investigated. If the final decision is favorable, the pensioner gets a statement of what pension

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is determined upon and how it has been calculated. An appeal here too is open to him, but will usually be fruitless, since an official has the casting vote. This decision is final, save that the imperial insurance bureau may order a new trial. If a petition is rejected, the claimant cannot present a new one within a year except for grave and obvious cause. If it is accepted, the pension is paid from the day of application monthly in advance through the post-office. So far as the beneficiary is concerned, that is all. It is for him to see how he can live on from $25.53 per year in the lowest to $99.60 in the highest conceivable case. For the office, however, the work has just begun. The post-office has paid the pension as it was ordered to do, but it must in turn be paid, and that not alone from the agency that issued the pension, but from all the offices where the man has ever been insured, according to their proportion of time and rates. The sickness allowance, also, and the share of the government for military service must be apportioned. Perhaps a million such calculations will eventually have to be made every year. For this purpose the documents are all sent to the central office at Berlin, and thence the various offices are notified what sums they are to pay to the post-office, or to a local office that may have returned payments to widows, orphans or young girls at marriage. The settlement with the post-office is made annually, but the post-office may demand quarterly advances; and where the local offices cannot pay, the state must advance the money and recover it when it can. The amount of calculation involved in this law paralyzes imagination.

A conservative estimate (in marks) of the sum required for the state subvention, less the receipts for the supplementary stamps for voluntary insurance (now eight pfennige weekly), is as follows:

1891 — 6,400,000; 1892 — 11,700,000;
1897 — 18,000,000; 1900 — 30,700,000;
1910 — 53,000,000; 1970 — 69,000,000 (the supposed maximum).

Many maintain with great probability that the maximum will be reached much earlier. If provision were made for widows and

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orphans, as many desire, this and all the other charges would be doubled.[1] If the law is administered in the spirit in which it was conceived, the local offices will require ultimately at least 100,000,000 marks annually, besides their operating expenses. It is likely to be very much more. But if the whole cost, including management and lost interest, should amount to 300,000,000 marks annually, and we were to add to it the entire cost of the accident military pensions in all the German states, the total would reach but 339,000,000 marks, which is hardly more than half the United States pensions for military services alone.

From what source this vast sum will ultimately come — whether from the workman, from the employer or from the consumer — still perplexes German economists. The result is likely to depend largely on circumstances. With an active and elastic export trade the charge would fall largely on the consumer. With a narrowing market, such as 1889 and 1890 indicate for the near future, most of the burden will be thrown on the laborer; for under present conditions a rise in price will involve decreased consumption. The size of the pensions renders it improbable that domestic consumption will be directly stimulated by the law. Whatever trifling gain there might be from this source will be more than outweighed by the discouragement it offers to self-help and enterprise. German industrial capital has nothing to gain from this law, and save in exceptionally protected industries, no diminution of profits already meagre is possible. A very material sacrifice is involved, however, in the surplus which the local offices must accumulate. In view of the constant danger of such disturbing elements as war and contagion, they cannot operate safely on less than two years' reserve; and such a sum — perhaps 200,000,000 marks — taken from the active capital of the country will be seriously missed. Yet all estimates of the ultimate social or financial results of this law are premature. It is a step into the unknown that has never aroused the enthusiasm or even the confidence of the country.

In noteworthy contrast to the idea of these German measures

[1] The mathematics of the law are well set forth in Das Reichsgesetz über die Invaliditäts- und Altersversicherung u.s.w.; von Landmann und Rasp (Munich, 1891).

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imposed from above is the last report of the Swiss insurance commissioners. It is therein stated as an observed fact that in spite of the action of the government, private insurance companies have become more popular in Germany; the government institutions do not do what was hoped of them; their management is expensive and clumsy, is slow in settling losses and does not meet commercial needs. The reference here is to the sometimes compulsory fire-insurance, but the statement applies to accident and age pensions as well. On the whole the commissioners conclude that it is better to leave Swiss conditions as they are, being convinced that "the insured will be better off under inspected free competition than if a monopoly or compulsory institute imposes on the people tariffs and instructions, and in case of differences the decision is with officials exposed to the danger of partisanship."

The Swiss commissioners touch the root of the matter. These laws are not likely, and I do not believe that they were designed, to benefit either the capitalist or the laborer. They will check, and perhaps they were meant to check, the development of an independent spirit among the workmen such as characterized the trade unions of the seventies. They will bind the workman by so many selfish ties to the state that his interests will be enlisted to maintain social and political order. The money that might be saved for a tiny capital, for emigration or for political use, is taken by the government in weekly doles from his reluctant hand, to provide what he has not asked, what he will probably never need and what in England is better attained by independent organization. Each new law has made the accumulation of capital harder to him and increased the pecuniary sacrifice of emigration. The more these workmen are "protected," the more incapable they become of resistance or of independent action. Individuality, ambition, and with them the productive power of labor and of wages, have grown and will grow less. Economically the Swiss are right. It is to the interests of "higher politics" that the German court and parliament look for justification.

B. W. WELLS.

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RAILROAD PROBLEMS IN A WESTERN STATE.

I.

THE railroads of a single state, and especially of a Western state, have no organic unity. The expression "Nebraska railroads" can refer only to a group of interlacing lines arbitrarily marked off from the continental network. The 5440 miles of railroads in Nebraska are almost entirely under the control of five or six systems, each of which has its controlling offices and much more than half its mileage outside the state. These great systems, reaching up from St. Louis, out from Chicago and away to the mountains and the Pacific coast, care nothing for state boundaries. The growth of large plans in the minds of railway managers is well indicated by the manner in which the Chicago, Burlington and Quincy Railroad has outgrown its original name and purposes. When first organized its name indicated what was then a fact, that it was located almost exclusively in Illinois. Then it extended itself across Iowa under the name of the Burlington and Missouri River Railroad. The limit indicated by this name was soon passed, and under the name of the Burlington and Missouri River Railroad in Nebraska, it has proceeded to occupy some of the best railroad territory in the latter state. But the last name no longer suits the western extensions of the Burlington system, for it has passed through Nebraska into Kansas, into Colorado, into South Dakota, and into Wyoming, and it is suspected of an intention to go on to Puget Sound. By origin and purpose the "B. & M. R. Railroad in Nebraska" extends much beyond the borders of the commonwealth that is its titular home.

In financial power, as well as in geographical extent, the railroad systems indefinitely surpass any state that their branches

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happen to cross. While the annual revenue of the state government of Nebraska, including certain school moneys apportioned to the counties, is between two and three millions, the annual earnings of the several railroad systems represented in the state range from ten to thirty millions each. It will be seen how disproportionate is the financial strength of the antagonists, if only one of the railroads is at issue with the state on a given question; and on a question where it is the state against all the railroads, the odds are still more in favor of the latter. This command of larger resources is one thing that enables the roads to command the services of abler men than are available for state offices. The governor and the judges of the supreme court receive but $2500 per annum, the voters of the state having recently rejected an amendment to the constitution raising the salary of the judges. On the contrary, the salaries of the resident railway officials range upwards to $20,000 per annum and are supposed in some cases to go above this. While it often happens that a $2500 judge may be the superior of a $10,000 attorney, yet high pay and relatively sure tenure cannot but have their influence in attracting able men to the service of the employer that offers them.

Further sources of the weakness of the state in its contentions with its children, the railroads, are the limits imposed on its actions by the federal government. This aspect of the matter may best be described, in all its indefiniteness, by quotations from the report of Chairman Crocker, of the committee on railway legislation, to the second annual convention of railroad commissioners, held at Washington last May. After saying that "the decisions of the courts throw shadows as well as lights upon the subject," he adds:

> While the limits of the powers of Congress to regulate our railroads cannot be defined with certainty, it is sufficient for the purposes of this report to bear in mind that the constitutional right to regulate interstate commerce has within the past fifteen or twenty years been developed and declared to an extent which before that time none but dreamers imagined. The indications are that many of our state laws, if carried to the Supreme Court, would be held to be unconstitutional, and many

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others have validity only so long as Congress neglects to cover the same ground.

Whatever may be the proper limits of the powers of Congress; whether it is or is not true that the states, by allowing their railroad corporations to take part in interstate commerce, have thereby parted with all but a shadow of control over the subjects of their creation; whether such railroads in their growth have or have not practically broken their mothers' apron strings, and, having come of age as it were, are now free from her control, and in all essentials subject only to the higher power of the United States; — still it must be admitted that these are far reaching and perilous questions, and that it is expedient that changes from these conditions should be made slowly.

The tendency of the times, however, is to force the issue with alarming rapidity. Every inconvenience, delay and expense to the public or the railroads connected with the billing and transportation of interstate freight, or with the ticketing and carriage of through passengers, and growing out of the limitations imposed by state or corporate lines of division; every case of excessive and unreasonable regulation, of lax and careless supervision by state authorities; every corrupt or ignorant legislature; every instance of conflicting regulation or management, of whatever nature, resulting from state lines; every attempt by a railroad corporation to escape state regulation by pleading that such regulation is unconstitutional, as interference with interstate commerce; every cut-throat struggle between competing lines and, finally, the panacea for most of the foregoing evils, every consolidation, — furnishes an argument against state regulation and in favor of Congressional control.

Besides the limitations necessarily imposed on state power by the foregoing causes, the state government is further rendered gratuitously impotent by what may be termed constitutional paralysis. The legislature is underpaid, is forbidden to create any new state offices and is limited to a sixty days' session once in two years. The governor is absolutely without power to do anything positive, whether for good or evil. He may interfere with the courts by pardoning criminals, or he may interfere with the legislature by vetoing bills; he may, if he has the courage, call an extra session of the legislature. He has no appointing powers of any real value. In times of peril, which are rare, he might have important duties to perform; but on ordinary occasions there is nothing for him to attend to but "dignity business." The state board of transportation is

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wholly independent of him. This board is a clumsy piece of machinery, — inevitably clumsy because of the provision of the constitution which forbids the creation of any new state offices. The present constitution was adopted shortly after the state had been visited by the scourge of grasshoppers, and this provision, as also many others, was inserted to prevent all possibility of legislative extravagance. The result of this distrust of their representatives on the part of the people has been to make the state government necessarily awkward, but not necessarily economical. The board of transportation was created subsequently to the adoption of the constitution. It was provided that five of the state officers, the attorney-general, the treasurer, the auditor, the secretary of state, and the commissioner of public lands and buildings, should constitute such a board, and should be endowed with the usual powers of investigation and control over the railroads in the state. These five officials, who usually are and always ought to be elected to the offices they hold from other considerations than their opinions about the control of the railroads, who usually know nothing about railroad problems, and whose other duties are too numerous to afford time for the study of these problems, — get together and elect three "secretaries." These secretaries receive salaries and do all the work, but have no powers except those of investigation and of report to the *ex-officio* members of the board. Upon the latter falls all the responsibility for action or inaction. The board costs as much as an efficient commission might, but is so organized as to preclude any possibility of its being efficient.

If we compare with the above cumbrous and unworkable machinery the organization of a railroad company, with its definite lines of responsibility radiating from some controlling centre, we get a view of yet another reason for the relative weakness of the state in dealing with her over-grown children.

It should of course be said that the taxing power of the state and its right of eminent domain must give it the preponderance of power whenever an issue is squarely drawn between the state

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and the railroads. In minor matters of litigation, where cases are tried with a jury, the corporations are at a decided disadvantage. But methods of legal procedure are such that this last item is of ever lessening importance; and the railroads are careful to raise no issue that directly challenges the sovereignty of the state. So long as the roads are able to keep to their Fabian tactics, the advantages are on their side as indicated above.

II.

About ninety per cent of the freight traffic in which Nebraskans are directly interested is of an interstate character. Local rates are a comparatively unimportant matter. With this understanding of the importance of interstate rates, a glance at the following table would seem to indicate that the citizens of the state could have nothing very grievous to complain of, since the tendency of rates has been steadily downward during the last decade, and the rates are lowest on precisely those things most essential to the prosperity of the state. A fall of one cent per hundred pounds between Chicago and Lincoln means a decrease of $0.000368 in the charge per ton per mile; and a similar fall in a rate between Chicago and Hastings means a decrease of $0.000312 in the charge per ton per mile. (See table, page 71.)

But in a criticism of the showing here made it must be said that the earlier rates were largely nominal, at least so far as favored stations and favored shippers were concerned. Rebates made the actual rates much lower than those published. The sharp fall in rates during the year 1887 which the table indicates was merely a lopping off of figures that had long been purely nominal, and which were dispensed with in deference to the act to regulate commerce. It has been further urged that an increasing volume of traffic and the decreasing cost of constructing railroads call for still greater reductions than those indicated. Those who are most radical in their criticism of the railroads also aver that rates on Eastern roads are much less per ton per mile; that the roads have made exorbitant profits

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Schedule of Freight Rates between Chicago and Nebraska points, showing all changes in rates for ten years preceding June 30, 1890.

Nebraska points.	From Chicago.													To Chicago.								
	Merchandise, in cents per 100 lbs.										Commodities, in cents per 100 lbs.				Grain, in cents per 100 lbs.					Live-stock. Dollars per car.		
	Less than car-loads.				Car-loads.						Lumber.		Hard coal.										
	Date effective.	1	2	3	4	5	A	B	C	D	E	Date effective.	Rate.	Date effective.	Rate.	Date effective.	Corn.	Oats.	Rye or Barley.	Wheat.	Date effective.	Cattle.	Hogs.
Lincoln.	July 24, '80	104	87	58	40		49	40	28.5			July 24, '80	32	July 24, '80	28.5	July 24, '80	30	30	33	35	Aug. 1, '80	75	75
	June 1, '81	114	97	68	45		54	45	30			June 25, '83	27.5	June 1, '81	30	Apr. 5, '87	26	26	26	31	Sept. 15, '82	80	80
	Mar. 26, '84	104	87	58	40	34	49	40	28.5	28.5		July 21, '86	23.5	Mar. 26, '84	28.5	June 6, '87	23	23	23	28	Mar. 28, '83	75	75
	June 2, '84	104	87	58	43	36	44	37.5	28.5	28.5		Mar. 1, '87	29.5	Dec. 15, '84	24.62	Nov. 1, '87	22	22	22	27	Apr. 1, '84	80	80
	June 1, '85	109	92	63	48	39	47	40.5	31.5	31.5		Apr. 5, '87	25	Aug. 1, '87	21	Feb. 15, '90	20	22	22	27	Apr. 5, '87	75	75
	Aug. 1, '85	104	87	58	43	36	44	37.5	28.5	28.5		Nov. 1, '87	23	Aug. 6, '88	18	Oct. 22, '90	19	19	22	22	Nov. 1, '87	65	60
	Apr. 5, '87	100	84	57	41	35	40	35	28	25	21	Dec. 20, '87	19	Oct. 12, '89	16.75						Sept. 4, '88	52	52
	Dec. 20, '87	80	65	44	34	28	33	28	23	20.5	19	Nov. 30, '89	16								Oct. 1, '88	65	60
	Feb. 22, '90	65	55	39	29	21	28	23	18	17	16	May 5, '90	13								Oct. 25, '88	29.5	37.5
																					Jan. 6, '90	28	37.5
																					Jan. 25, '90	25.5	37.5
																					Feb. 6, '90	25	37.5
Hastings.	Apr. 15, '80	152	129	96	75		72.5	55	42.5			Apr. 15, '80	38.75	Apr. 15, '80	42.5	June 7, '80	32	32	40	45	Aug. 1, '80	85	85
	June 1, '81	152	129	96	75		72	55	42.5			June 25, '83	32	June 2, '84	40.5	Sept. 15, '82	38	38	40	43	Sept. 15, '82	90	90
	June 2, '84	152	129	96	75	70	62	49.5	40.5	40.5		July 21, '86	28	Dec. 15, '84	33.62	May 15, '84	38	38	41	43	Apr. 5, '87	85	85
	Apr. 5, '87	144	123	92	75	65	62.5	49.5	40.5	37.5	23.5	Mar. 1, '87	32	Aug. 1, '87	29	Apr. 5, '87	34	34	34	39	Nov. 1, '87	75	75
	Aug. 1, '88	115	103	72	53	46	50	41.5	32	28.5	23	Apr. 5, '87	31	Aug. 6, '88	26	Nov. 1, '87	25	25	25	30	Oct. 25, '85	34.5	43.75
	Feb. 22, '90	111	95.5	73	55	44	50	38	30.5	25	20.5	Nov. 1, '87	30	Oct. 12, '89	24.75	Mar. 21, '90	22.5	25	25	30	Feb. 26, '90	26.75	43.75
												Dec. 20, '87	28	Dec. 19, '89	22.75	Oct. 22, '90	22	22	25	26			
												Nov. 30, '89	25										
												May 5, '90	22										

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on the money actually invested in them; and that, finally, the rates are still so high that all the industrial interests of the state, and especially the agricultural interests, are depressed in consequence.

During the year 1890 both the Interstate Commerce Commission and the Nebraska board of transportation undertook elaborate investigations for the purpose of determining what rates were "reasonable," in the one case on interstate traffic and in the other on local business. All parties interested in these investigations admitted that cost of service should be so far considered in fixing rates that a "fair" return might be made to the owners of capital actually invested in the roads. Some of the difficulties encountered when an attempt is made to apply this rule will now be reviewed.

The public has been so educated in such matters that it will no longer accept a statement as to the capitalization of a road as even *prima facie* evidence of the amount of real capital invested therein. When railroad organs point to stock that yields no dividends, or to bonds on which the interest is not paid, people merely shrug their shoulders and wait for further information. Watered stock may be said to be the stock in trade of the anti-monopolist. The Interstate Commerce Commission says that before we can decide rates to be unreasonably low which do not make possible the payment of interest on bonded debt and dividends on capital stock, we must be assured that the obligations are actual and in good faith. The commission points out that the Santa Fé and the Alton roads run side by side from Kansas City to Chicago. Their rates must necessarily be the same; yet the former is capitalized at the rate of $92,000 per mile and the latter at the rate of only $46,000. In the same way the capital stock and bonded debt of the Burlington and Missouri River Railroad in Nebraska is given as $37,000 per mile, and that of the Fremont, Elkhorn and Missouri Valley as $36,000. These two parallel on either side the Union Pacific, which is capitalized at $105,000 per mile. The state board of transportation in its investigations ignored wholly the nominal capitalization of the roads, and based its

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calculations on sworn statements as to the cost of construction and betterments.

For the purposes of the present paper the Burlington and Missouri River Railroad in Nebraska will be taken as a typical system, and the others will be referred to only incidentally. The 2213.37 miles of line belonging to this road traverse both the thickly and the thinly settled portions of the state, and a further reason for taking this system as representative is that it entered the state at an early day and has experienced all the vicissitudes that attend the development of a pioneer enterprise. As an example of the showing that can be made against the claims of this road that it is equitably entitled to charge its present rates, on the ground that they yield only a moderate profit on investment, I reproduce the leading points from a paper by Mr. C. G. Dawes, of the Lancaster county bar, which was published last summer in one of the state dailies. It is an unusually careful and conservative argument on the anti-monopoly side of the discussion.

Mr. Dawes first points out that on December 1, 1873, three years after the road entered the state, the corporation had, according to Poor's *Manual*, over forty-five per cent of its whole funded indebtedness and paid-in stock in assets arising from the sale of less than one-fourth of its land grant. He brings out this fact as an answer to those who say that the risk of these early enterprises was so great as to entitle the investors and their assigns to exemplary profits; and he argues that enlistment in such an enterprise "could hardly be considered an evidence of financial heroism." Coming to more recent times, he finds from the reports of the road to the state board of transportation, that the funded indebtedness of the Burlington and Missouri in Nebraska, plus the amount that had been realized from the land grants at the close of the year ending June 30, 1888, amounted to $23,050.94 per mile of line. About one-sixth of this amount came from the sale of land. To prove further that the road consistently pursues a policy of constructing lines from the proceeds of first mortgage bonds,

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Mr. Dawes collates the following table from the annual reports of the road to its stockholders:

Year.	Miles of new line built.	Am't paid for construction and equipment.	Bonds issued during the year.	Average rate of interest on bonds.
1886	389.988	$8,168,314.93	$2,870,200.00	4.9 per cent.
1887	657.350	15,131,542.95	12,000,000.00	4.0 " "
1888	223.894	5,293,040.74	8,901,280.84	4.2 " "
1889	223.540	3,925,746.58	8,412,000.00	5.0 " "
Totals	1494.772	$32,518,645.20	$32,183,480.84	

Mr. Dawes, following an estimate of Mr. Holdrege, estimated the cost of the lines of the Burlington and Missouri River Railroad in the state at $25,000 per mile, and proceeded to show that in a prosperous year, that ending June 30, 1887, the stockholders received 68 per cent on all the capital they had actually invested in the road, — which amounted, according to his estimate, to only $1949 per mile.[1]

[1] The conclusions were so startling, and the possibility of mistakes in such a matter so great, that I called the attention of Mr. Holdrege, general manager of the Burlington and Missouri in Nebraska, to the figures, and asked that he would either point out any fallacies they might contain, or indicate the sources of information that might enable me to correct possible errors. He replied by saying that Mr. Dawes had "omitted to take into account bonds that had been retired," but failed to cite any sources of information that would enable me accurately to determine the amount of error thus caused. Instead, he made the following *ex parte* statement regarding the finances of the road:

Total cost of Burlington and Missouri River Railroad in Nebraska, lines west of Missouri River, Dec. 31, 1889 . . . . . $89,761,807.71
or $30,435.06 per mile.
Total stock and bonds issued 77,864,460.00
or $26,401.09 per mile, of which $17,955.17 was bonds.

He explains that the cost of construction over capitalization is mainly accounted for by the land grants. It will be noticed that the statement here made regarding the cost of construction in no wise tallies with sworn statements made by the officials of the road to the state board of transportation last summer. These statements are given later in the text. For reasons also explained further on, it is hazardous to accept any statement regarding the capitalization of a given part of the Chicago, Burlington, and Quincy system unless we have the data for criticising the theory on which capitalization has been apportioned to such part. Such data Mr. Holdrege does not give.

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The difficulty with all such computations as the foregoing is that it is impossible to say how much of the total indebtedness of such a system as the Chicago, Burlington and Quincy, which owns the Burlington and Missouri, ought to be assigned to the roads in a given state or district. The report of the state board of transportation for 1890 adopts the usual method of determining the bonded indebtedness of lines in Nebraska. The average amount of bonded indebtedness per mile for the whole system is multiplied by the number of miles of road belonging to that system within the state, and the product is assumed to be the bonded indebtedness for the Nebraska lines. Computing by this method, we have the following statement as to the capitalization of the lines within the state operated by the Chicago, Burlington and Quincy during the year ending June 30, 1890:[1]

Bonded indebtedness	$46,892,456.82
Capital stock	33,694,131.51
Total capitalization	$80,586,588.33

According to the sworn reports of the officials, the cost of construction and betterments of these roads was $22,738.65 per mile, aggregating for the present mileage $50,325,045.75. If from this total cost of construction we subtract the $8,452,203 which is the net proceeds obtained by the road from the sale of lands given it, and also the $2,372,800 of bonds that have been donated by counties, precincts and municipalities along the lines of its various branches, we find that the remaining net investment amounts to only $39,504,042.75, which is less than half the total capitalization, and much less than the amount of the bonded indebtedness. This would indicate that the stock is somewhat more dilute than pure water.

But the assumptions made in thus estimating the capitalization of the lines in Nebraska are arbitrary and unfair. To apportion capitalization according to mileage is unjust to the road, because

[1] The absence of page references to the board's report for 1890, and the possible appearance of minor inaccuracies in the figures are due to the fact that I was obliged to use the MS. of the report, before it went to the printer.

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the divisions east of the Missouri river have cost far more per mile than those in Nebraska. It may be doubted if the officers of the Chicago, Burlington and Quincy have any way of telling what proportion of the total capitalization of their system ought to be apportioned to any particular branch. Some of the extensions are built wholly with borrowed money, but they could not be so built were not the credit of the parent company behind them. Other portions of the lines within the state are wholly unmortgaged. Consolidated mortgages and fresh issues of stock further complicate matters; and all reports regarding capitalization made to state officers are apt to be especially confused and confusing.

Putting aside, then, all questions of capitalization, we will consider the relation of net investment to net earnings. As given above, the net cost of the Burlington and Missouri lines within the state is $39,504,042.75; and the earnings during the last fiscal year above operating expenses and maintenance, as reported to the state board of transportation, were $2,989,735. The interest on the net investment yielded by the net earnings is thus seen to be a trifle over 7.5 per cent.[1] The year was one in which there was a large corn crop to be moved.

It is urged against such a presentation of the case as this that the figures are only a shade more reliable than those regarding capitalization. In the first place the amount of earnings that can properly be credited to the lines in a single state must be in part estimated according to more or less arbitrary methods. The reports of the company give the earnings of all the lines west of the Missouri river, as nearly as they can be ascertained, and the amount to be credited to Nebraska is made proportional to the number of miles within the state. In this particular case such an estimate probably gives an amount that is too small rather than too large.

In the second place it is urged that instead of basing our estimates on what it has cost to build a road, we should rather consider what it would cost to rebuild it. It is said that if a man

[1] This result differs from that reached by the state board because they took no account of the land grant and donated bonds.

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builds a house when materials and labor are high, he cannot hope when prices have fallen to rent it for more than will yield a fair return on the present cost of building another like it. It is held that what competition would bring about in the case of house building, legislation may properly provide for in the case of railroads; and inasmuch as the roads were many of them built at a time when the prices of materials and labor were very high in the new state, it is only right that the shrinkage in value should be recognized and allowed for. In reply to such reasoning the railroad people question both the facts and the deductions from them. They say that while the cost of roadbed and rails may be much less at present than it was formerly, yet the cost of right of way and of terminal facilities has grown with the growth of the state, and that the increase in this regard more than offsets the decrease in the other. But they further urge that even if the railroads should be shown to have been built at a time when their total construction cost more than it would at present, yet since it was essential to the development of the state that they should be built at that time, it is unfair to the early promoters to withhold profits on their investments.

In the third place, some of the anti-monopolists go farther and question the truth of the statements as to cost of construction made by the roads to the state board of transportation. They urge that the roads were admitted as witnesses in their own trial and were not cross-examined. There is enough truth in this to justify the conviction that the roads have placed the cost of construction at a sufficiently high figure; but at the same time their statements were made in such detail, and under such exposure to adverse criticism, that gross misrepresentation was hardly probable.

Admitting that the actual cost of construction should be made the basis of estimating profits and that this cost has been approximately stated by the roads, seven per cent on an investment does not seem to a Western man like a very exorbitant rate of interest. But what excites his wrath is, that nearly all of the money really spent in building the roads has been borrowed at five per cent or less, and the difference between

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this rate and the rate earned goes to stockholders who seem to have little or nothing invested. The risk incurred by such stockholders as guarantors of the bonds does not seem to him to be an adequate basis for such large profits.[1]

Should it be asked why such very dubious figures are given and reviewed at such length, the answer must be that it is because just such figures as these are the best that a state legislator can obtain to guide him in his work. He has no power to investigate the cost of construction, bonded debt and capital stock of a whole railroad system, and even if he could make such an investigation, the results of it would not much aid him in legislating for his one state.

Were all the questions raised in the foregoing discussion settled, there would still remain the matter of superfluous roads to be dealt with. At the conclusion of its report on the relation of net earnings to cost of construction the state board of transportation says:

> A close analyzation of the figures of cost and earnings of the lines south of the Platte river and east of the 100th meridian is conclusive proof of where the difficulty lies. A third less railroad mileage would perform equally as well the accommodation required by the public. There would be some fifteen millions less capital demanding of the public an income, and rates might be reduced proportionately. It is doubtful if any community now possessed of these surplus roads would be willing to surrender them for the advantage of lower rates.

The Interstate Commerce Commission calls attention to the fact that there are eight roads or lines carrying between Chicago and Kansas City; a less number might do the business as well and more cheaply. If eight more were built, would it be allowable for them to charge twice as much as at present? Again, many roads are built for ulterior purposes across undeveloped and partially barren country. "The Fremont and Elkhorn Valley road is 700 miles long, but 125 miles takes it outside the

[1] Another fact which indicates that the Chicago, Burlington and Quincy is paying for new construction entirely with borrowed money is that 1,484,772 miles of new line were built or acquired during the four years ending December 31, 1889, while during the same time the capital stock of the company was increased only $12,405. See annual reports to stockholders.

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Nebraska corn belt, beyond which the traffic is light. What part of the whole burden of maintaining the road must the corn pay?" The branch of the Burlington and Missouri River Railroad stretching away from Grand Island to the north-west corner of the state and off into South Dakota and Wyoming seems to be constructed for the purpose of holding territory, and partly for the purpose of making connections in the far north-west that will eventually be of importance in transcontinental competition. May Nebraska grain rates or local rates be properly advanced in order to pay interest on the money invested in this road until such time as it becomes self-supporting?

These lines through undeveloped and semi-barren districts may or may not be eventually profitable; they may or may not be eventually paralleled by hostile companies. In any case they are not profitable at present, and there is a very practical question as to where the burden of their present maintenance should rest. A railroad organ, after commenting on the situation in Nebraska and remarking that it is not the only state similarly circumstanced, goes on to say:

> But the people are responsible for this, and not the companies. The people who, as soon as one line is built to any point, cry "monopoly" and clamor for "competition," who offer bonuses and pledge their support to induce a rival company to build, and who, at the same time, are the only parties who through their legislature and commissions can take the necessary steps to prevent the building of parallel lines, — the people are alone responsible for it, and they cannot shift the blame from their shoulders.[1]

Even granting that the public has made a mistake in trying to perpetuate and intensify competition in an industry where competition is a delusion and a snare, it may still be doubted whether the much-chidden public is not more sinned against than sinning. Those who know the history of Western railroad building are aware that subventions offered to new lines are hardly the treacherous bribes of a wily public trying to seduce capitalists into an unprofitable investment. It is doubtless an unwise policy, but the arguments in favor of "competing lines"

[1] *Northwestern Railroader*, July 25, 1890.

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have been urged upon the public by the advance agents of every new road that has sought entrance to a rival's territory. It has been the paid pleading of railroad attorneys and organs that has convinced the people that railroad competition is a good thing; and if, as the state board suggests, the people of the state would not give up the superfluous roads for the sake of lower rates, it is largely because they have been wrongly educated by the roads themselves.

Probably real estate speculators are more often responsible for the building of superfluous roads than any other one class. The Lincoln Land Company has operated along the line of nearly all the extensions of the Burlington and Missouri River railroad. It is made up largely of resident railroad officials, who are high enough up in the councils of the company to secure prompt information as to proposed extensions, and to have considerable weight in shaping the course of lines actually building. Members of such a company derive profit from all extensions, whether called for or not; and while their interests as railroad managers may usually outweigh their interests as land speculators, yet this is not always true. The influence of such men upon the companies is seconded by the influence of local real estate dealers in the districts through which a proposed road is to pass. Whatever may be the results of building a new line to the community as a whole, the owners of real estate along its route are sure to profit by its construction. After the state board of transportation had given its opinion that south-eastern Nebraska had a third too many railroads, the city of Lincoln voted $50,000 in bonds as a bonus to the Rock Island road for constructing a new line from Omaha, though the two cities were already connected by four different roads under as many managements. The Lincoln real estate dealers were certainly justified, from the standpoint of their own selfish interests, in inducing the people to vote these bonds. Indeed, the city as a whole may have been benefited. But it would be very hard for the company to show that the entire community is better off in consequence of the building of the new line. Much might be said in favor of the view that the towns, and especially

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owners of realty therein, are the beneficiaries of superfluous railroad building and are mainly responsible for it; while upon the farming community chiefly rests the burden of supporting the needless lines. Probably the farmers, who this winter control the Nebraska legislature, could render the community, and especially themselves, no greater service than that of passing a law like the Massachusetts statute which compels a railroad company to prove public need of a new line before being allowed to build it.

III.

But even were the difficult problems of cost of construction and actual investment solved, and did we know exactly whom to punish for the building of needless lines, — that is, had we a basis admittedly sound for figuring "reasonable profits," — this would be a criterion only for fixing a maximum of net earnings; it would not help us at all in apportioning the burden among the different patrons of the road. When left to themselves, the roads discriminate between commodities, between places and between persons. The last is admittedly the worst form of discrimination. It is forbidden by both state and federal statutes, but recent investigations instituted by the Interstate Commerce Commission show that it is still extensively practised at the West. The managers of the various lines feel that it is better to do work at rates which barely cover the operating expenses than not to do any work at all; and the large shippers at competitive points know so well how to play off one road against another, that rates from these points continually tend toward an unremunerative minimum. When roads are not actually cutting rates, the shippers can often cause one or more of them to be suspected of doing so, and an imaginary cut is met by a real but secret one. These secret rates are necessarily limited to favored shippers. So long as the corporations have no organization among themselves, all the shrewdness and all the far-sightedness of their managers cannot

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prevent these artificial giants from accepting "starvation wages" for their services.[1]

Violent discriminations between places have been forbidden, against the protests of the roads, by the long and short haul clause of the Interstate Commerce Act and frequently by state laws. But there are still many ways of favoring pet towns. For a considerable time the roads from Chicago to the Missouri river gave special through rates to the river towns. For places farther west the through rate from Chicago was made by adding the rate to the river to the ordinary local charge for the additional distance. As the river towns already had specially favorable distributing rates, it became impossible for jobbers in the interior of the state to compete with the jobbers of Omaha and places similarly situated. One of the places that considered itself especially injured by the then existing arrangements was Lincoln. In 1887 the board of trade organized a freight bureau and prepared for a vigorous fight. A railroad expert was employed at four thousand dollars per year to prepare the case against the roads, and plenty of money was forthcoming to meet the incidental charges of the campaign. The citizens of Lincoln alleged that the roads were favoring Omaha because many of their officers had investments there; and there was a general feeling that unless Lincoln could get better rates her growth was definitely limited. The fight was well pushed; Lincoln was successful and has never since been a centre of anti-railroad agitation.

What was won by Lincoln was not won by the whole state. The railroads still make through rates to the Missouri river, and then add to these the regular local rates on through shipments to small interior towns. A case that has been cited in the current discussions in the state is that of Kimball. It is a small town 450 miles west of Omaha. The through rate on

[1] There is a close analogy between the inability of unorganized laborers to maintain wages at a "living rate," and the inability of independent and competing roads to maintain remunerative rates. In each case there is a tendency for wages or rates to fall to a point that just meets "current expenses," without providing in the one case for the proper nourishment and education of the laborer's family, and in the other for betterment of the road and a fair interest on investments. The explanation is, in part, that it is impossible for either the road or the laborer to be long idle; and those who bid for their services count on this.

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a car of stoves from Chicago to Omaha, a 500 mile haul, is $84. The local rate from Omaha to Kimball, a 450 mile haul, is $300; while the through rate from Chicago to Kimball is $384. It will be seen at once what an immense advantage this gives to the towns having low through rates.

It is this method of forming through rates to the small places, — which are also those unable to make a vigorous resistance, — that adds intensity to the demand for a statutory distance tariff upon which to base all local rates. Iowa has such a tariff. Whether it has resulted in a way satisfactory to the people of the state is not yet determined. It has pretty certainly checked the growth of Iowa's "distributing centres"; but whether it has benefited the state as a whole is a much debated question. The roads have done all they dared to get revenge for the enactment of this maximum-rate law. As a rule a Western state is inclined to use its power over local rates merely as a means of frightening the roads into making lower through rates. In Lincoln's fight with the roads she began proceedings to compell them to reduce local rates; and the state board went so far as to issue an order for the specified reduction of such rates. But the roads compromised by substituting a schedule of local rates prepared by themselves, and offering reduced rates from Chicago on hard coal and on lumber from eastern and northeastern points, and to Chicago on grain from all Nebraska points.

The manner in which discriminations between commodities may be made to effect discriminations between places is well illustrated in the matter of rates on live stock, as compared with those on packing-house products. The charge for transporting a car of live stock, as the rates were fixed before the recent order of the Interstate Commerce Commission, was much greater than the charge for transporting the packing-house product of the same amount of stock. The result was to build up the packing houses of Kansas City, Omaha and other places at the west. The fight before the commission was made on the one side by the Chicago board of trade, and on the other by the packing-house interests of the western towns. The railroads were little more than nominally represented. The result was a

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victory for Chicago, the commission holding that there was not enough difference in the cost of the service to the carriers to justify the discrimination in favor of the packing-house products. They also brushed aside, in a rather peremptory way, the argument that so much capital had been invested in western packing houses on the basis of the old rates, that it would be unjust to great vested interests to change them. The case well shows the dependence of Western communities upon even minor matters in the classification of goods and the fixing of rates; and possibly, too, it shows that the interests of the towns may not be identical with the interests of the entire Western community, or with the interests of the country as a whole.

It will thus be seen that even if the legislature decide upon a satisfactory rule for limiting the gross receipts of the railroad companies, it would still be at a loss in fixing the share of this amount which any given class of traffic ought to bear; that is, it would have no guide in making specific rates on given commodities. In the fall and winter of 1889–90, when an enormous corn crop was to be moved and when the price of this commodity was so low that it was used as fuel in many of the western counties of Nebraska, the ground was often taken that rates ought to be so adjusted as to enable the producers of corn to realize a fair profit from their product. This idea even found indirect expression in the resolution passed by the United States Senate, calling upon the Interstate Commerce Commission to investigate and report upon alleged excessive freight rates and charges on food products. The decision of the commission subsequent to this investigation was probably the most important one it has ever rendered. In the opinion written by Commissioner Morrison is shown very clearly the fallacy of arguing that railroads are bound to give such rates as will insure a fair return to producers of given commodities. Attention is called to the fact that there is good clay for making bricks in Nebraska: bricks are needed in New York; but it does not follow that the railroads should be compelled to make such rates on bricks that they can be manufactured in Nebraska for the New York market. So with corn. The railroads are bound to make as low a

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rate as possible on such a cheap and bulky commodity, in order that as much as possible of it may be moved; but they are by no means obliged to carry it at a loss in order that the producer may secure a fair return for his labor and capital. The commission adds that while rates should not be so low on any commodity as to impose a burden on other traffic, they should yet have "reasonable relation" to the cost of production and the value of the transportation service to the producer and the shipper, and "should be so adjusted as to secure the largest interchange of commodities." [1]

With no comprehension of the difficulties here outlined, or of numberless others not even suggested, a body of inexperienced legislators is now at work on a maximum-rate law. Yet there is not as much to be feared from their action as many people suppose. It has already happened that a statute-made tariff has so operated to increase business that the roads have been benefited by it. At the worst the interests of roads are so bound up with those of the community as a whole, that a very injurious statute will hardly remain long in force.

IV.

The last biennial report of the attorney-general of Nebraska to the governor contains the following assertions:

There is no corner of this Union that is free from railroad influence in all political matters. It enters the doors of the merchants, the *sanctum sanctorum* of the press and the courts of our state and Union;

[1] It is interesting to note that though the commission worked with unusual celerity in this investigation, and overruled in an almost arbitrary way certain motions of the attorneys for the roads which would have involved delay, yet the conditions on which the decision was based had largely passed away before it finally went into effect. When the investigation was ordered in February, 1890, the roads were blocked and the market was glutted with the largest corn crop ever produced in this country. While this investigation was in progress the last of this great crop was moving eastward; and when the decision finally went into effect in October, an unusually short crop was beginning to be harvested. As value of product and volume of traffic are admittedly elements to be considered in fixing rates, the decision was manifestly out of date before it went into effect. So slow is our governmental machinery as compared with industrial changes that an exceptionally efficient commission only succeeded in shutting the stable-door after the horse was gone.

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always taking an active part, from the election of a chairman of a board of village trustees to the election of a president of the United States, savagely holding back in its ranks those who would break from its corrupting embrace and deteriorating influences.

Though Attorney-General Leese is an habitual declaimer against railroads, yet the idea which underlies this curious bit of rhetoric is sufficiently well founded. Railroad influence or anti-railroad influence is well nigh omnipresent in Nebraska politics. The conference of anti-monopoly Republicans that met in Lincoln last May demanded, among other things, that the railroads should "go out of politics." For the railroads, compliance with this curious demand would be corporate suicide. They are the largest tax payers in the state, and are necessarily subject in countless ways to state regulations. Inasmuch as we are governed ultimately by elected officers, by caucuses and by primaries, it would be singular and unjust if such important interests as those of the railroads should be unrepresented in politics.

But while the presence of railroad influence in politics is justifiable, it must be admitted that many of the methods through which that influence is exerted are not. The testimony taken by the commission to investigate the affairs of the Union Pacific railway brought to light facts which would be worth re-stating, were they not exactly paralleled by investigations of the methods of Eastern corporations in influencing legislatures and primary assemblies of the people. Some of the more recent instances of corporate influence in Nebraska politics have been so notorious, that no investigation is necessary to reveal the methods used. At a state Republican convention held at Hastings in the autumn of 1889, the railroads made everything yield to their determination to defeat Mr. Reese, who was a candidate for re-election to the office of judge of the supreme court of the state. Railroad attorneys were on hand in unusual numbers, and the customary policy of keeping these paid agents of the roads as much as possible out of sight was abandoned. It seemed as if the roads wished to give the politicians of the state and the judges of the courts an intimidating object lesson in the power of the corporations

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to control a convention. Many of the delegations that had been definitely instructed for Reese were induced wholly or in part to bolt their instructions. An alliance was made with a disbarred attorney, who hated Reese as the one mainly responsible for his disgrace. On the evening before the convention a railroad attorney was able to secure precedence over the wires for press despatches unfavorable to Reese. A country attorney, also in the pay of a railroad, who was a member of the convention on a proxy given by a candidate for another office, deliberately sacrificed that candidate in order to make a trade bearing on the judgeship. It cannot be said that Reese had been an especially able judge, or that Norval, whom the railroads finally nominated and elected, was an undesirable man for the place; but the manner in which the latter was placed on the bench has done much to destroy confidence in the impartiality of the supreme court.

Practically none of the stocks and bonds of the railroads in Nebraska are owned by Nebraskans. The owners and controlling officers of the roads are non-residents. This absenteeism increases the popular dislike of the roads. It is felt that any unearned profits not only injure individuals but impoverish the community as a whole, while the representatives of the roads within the state are looked upon as mere hirelings, owing to the companies duties which are inconsistent with good citizenship. All politicians therefore consider it advisable to take an attitude of hostility towards the railroads; but the favors it is in the power of the companies to confer are so great, that this hostility is oftenest in the attitude only. Outward opposition and secret subservience is thought to be the surest way to maintain one's position in state politics. In ordinary times the control of the roads over the political machinery of the state is so complete that few but their friends can obtain preferment; while in extraordinary times, such as the present, only those supposed to be hostile to the roads can hope for political success. The duplicity of the politicians annoys and at times may be said to infuriate the people. As one of "the people," I am myself certainly nonplussed in trying to decide which of the political candidates

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most nearly represents my views on railroad questions; so much at variance are the language and the actions of the politicians.

The adoption of underhand methods by the roads is usually taken as an admission that their political objects cannot be openly defended. While this may often be the case, yet there is frequently a more honorable explanation of their methods. The railroad manager frequently assumes and believes that his opponents are either not honest enough or else not intelligent enough patiently to study and solve the complicated railway problems of the time. He therefore considers himself called upon not only on behalf of his employers, but on behalf of the community as a whole, to bribe, intimidate, mislead or otherwise circumvent such opponents. Having first convinced himself that he understands the situation, and that his opponent cannot or will not, he then feels justified in resorting to underhand methods *pro bono publico*. But as a matter of fact the well informed railway official is as apt to be mistaken as are his opponents; he is as likely to be blinded by his interests as are the farmers to err because of their ignorance.

The recklessness of Western legislatures comes largely from a feeling of desperation. Those whose interests are supposed to conflict with the interests of the roads have been so often foiled by open or secret means, that they begin to feel as though it was necessarily a fight to the death. The attitude of calm superiority assumed by many railroad officials increases this feeling. When an attorney for the Union Pacific tells with gusto of surprising a legislature into the unanimous passing of resolutions which the members did not understand, it makes an amusing story, but it does not commend him to the people when he makes a plea for justice to the road he represents. The Alliance members of the present legislature are said to be impervious to reason; but they refuse to listen to any but their own leaders largely because they have been so often misled by special pleaders. The roads are reaping what they have sown.

Another important cause of recklessness on the part of the anti-monopolists is the example of recklessness too often set by the managers of the roads. If the paid officers of the com-

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panies give so little heed to the interests of investors, how can it be expected that public officials should be more careful? It does not strike a legislator with very profound awe to tell him that a certain law will drive the roads into bankruptcy; he has seen many roads in that condition in consequence of the whims or selfish interests of their managers, and he fails to be appalled at the idea that a few more of them may become insolvent through his attempt to act in the interests of the general public.

It seems doubtful if there is any other way of settling the vexed questions of railway regulation than through the wasteful turmoil of angry political contention. The Granger legislation was wild enough in its way, but the men that passed it learned something by the experiment, as did also their opponents; and a railroad president has since admitted that "the Granger movement was a necessary one, and through its results has made a solution of the railroad problem possible in this country." An organization like the Farmers' Alliance may bring about much absurd and even mischievous legislation, but it is only by such organizing and experimenting that the farmers can learn what their real interests and those of the community demand. The experiments are less dangerous and the contentions less angry in proportion as reliable information is at hand to guide and moderate discussion. Such information can be secured only through a commission having stability and independence enough to command the respect of all parties. While the secretaries of the present board have done much arduous, intelligent and honest work, the board has apparently secured the confidence of no one, and the men who have learned something of the subject will be promptly turned adrift to make way for inexperienced workers. It has been predicted by a Nebraskan who has given the matter some study, that the end will come through general corporate bankruptcy, followed by state ownership of the roads. If there is to be any solution short of this, it must be reached by the patient gathering of information, and by a thorough-going revision of our whole system of corporation law.

A. G. WARNER.

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SCHOOL-BOOK LEGISLATION.

IN the discussion of matters of public policy that may demand legislation, it is usually necessary to consider not merely what may be for the best good of the state, but also what may be possible under the relations existing between the chief political parties. Now in no state in the Union has partisan feeling in politics more to do with legislation than in Indiana. For this reason, an account of the circumstances attending the draft and passage of the text-book bill in Indiana may serve as a useful introduction to a study of the legislation that may be desirable in other states. We need to know the motives that influence legislators in practice, before we can tell what law will be a wise one to put before any given legislature.

For some two or three sessions previous to that of 1889, certain members of the legislature, believing that the school text-books were costing more than was necessary, and that a more nearly uniform series was desirable, had introduced bills looking toward improvement in these respects. However, there was little public interest in the subject, and other matters of legislation, particularly those of a partisan nature, were given the precedence, so that practically nothing was accomplished. Only the good of the schools was at stake; and school children and teachers have little political influence. If a body of legislators is to be thoroughly aroused, some subject is desirable that will stir the imagination, that will furnish opportunity for striking metaphors, and that will appeal to the pockets of the constituencies. To secure prompt action on the text-book question was, under the circumstances, a problem.

It was solved largely through the instrumentality of a man who felt that he had in past years been wronged by the agents of a prominent publishing firm. The potent and at times not wholly unselfish interest of school-book agents in

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our teachers and school officers is no secret. That the acquisition and loss of positions by teachers and officers is often determined by their opinions of certain text-books, is generally conceded. The person referred to had lost a lucrative office, as he believed, through the influence of a publishing company in favor of his successful rival. Naturally, the influence of publishing houses over the schools assumed in his eyes most threatening dimensions. At the same time, the fact that several firms had entered into an agreement making competition less active in the sale of their books became very significant. Patriotism and revenge worked side by side in raising in the ready press the war-cries: "Smash the book trust!"; "Cheap books for the children!" Stimulated by the prospect of partisan advantage, a vigorous agitation for reform began in various leading newspapers.

The governor now took up the matter. In his next message to the legislature, he characterized the prices asked for school-books as "exorbitant" and recommended the free text-book system. According to his estimates, the average cost of school-books to each pupil throughout the state was about $3.00 per year. Under the free text-book system employed in Michigan (in but one city at that time, generally now), the cost was estimated at 50 cents per year; in Maine, at 26¾ cents; in Vermont, at about 33 cents; in Wisconsin, at about one-third of the former cost. He further stated that experts and booksellers had informed him that the prices paid for school-books in Indiana yielded from 300 to 600 per cent above the average cost of production. The free text-book system, in his judgment, would reduce the cost to a "reasonable price" and lift these very heavy burdens from the "parents and guardians."

Moved by the articles on this subject that had appeared in the papers, and by the message of the governor, no less than six members of the House of Representatives and several members of the Senate introduced bills looking toward cheaper text-books. Various plans were proposed,—from the California system, which provides for the compiling and manufacturing of text-books by the state, to the contract plans as found in

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Minnesota and Indiana, and to the free text-book system. The Democrats favored some plans that would give a uniform series throughout the state; whereas the Republicans, adopting the idea expressed in the governor's message, declared for free text-books, to be furnished to the pupils by the county or the town. Thus the matter was made a party issue. Neither party dared refuse to "down the trust," but the Democrats accused the Republicans of favoring a measure that would only strengthen the trust. The bills in the House were referred to the committee on education, but when the committee made a report, it was evident that the various opinions were extremely divergent and that no one of the bills already submitted could pass the House. As a compromise, the matter was referred to a special committee, with instructions to prepare a bill that should harmonize the conflicting opinions so far as possible.

It may be worth while to note the character of the task that the committee had before it. As soon as it seemed probable that some system providing for uniform text-books and possibly for state publication would be adopted, the agents of different publishing firms made their appearance, and the members of the legislature were subjected to all the influences that a well-trained lobby can bring to bear, in order that the old system might be retained. The members of the state board of education, while taking no open part in the discussion of the question, were known to be opposed to any system providing for state compilation and state publication of text-books. The adoption of such a system would greatly increase their work, with no adequate return, and the results would probably be unsatisfactory. At any rate, it would subject them to criticism. The Democrats had openly declared for state uniformity through the California or the contract plan, but many of them also really preferred a free text-book system. Moreover, of fifty-seven Democrats in the House, seven or nine were Roman Catholics, and it was soon found that these men would agree to no plan that involved any increased taxation. The Catholics, they said, were already sufficiently burdened with the regular school taxes and the support of their parochial schools.

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A like feeling prevailed among the Lutherans, whom the politicians could not afford to alienate. It was necessary to draw a bill providing for state uniformity, and at the same time avoiding the objections of the Catholics and Lutherans to any increase in taxation. The committee was composed of four Democrats and three Republicans. At the first meeting, the chairman, a Democrat, inquired if the members of the two parties could agree upon any bill. He said that the Democrats would insist upon state uniformity. Two of the Republican members at once declared that they would support no bill providing for more than county uniformity. The third Republican seemed willing to consent to state uniformity. Two of the Republicans, therefore, immediately withdrew from the committee to prepare a minority report. The third member, after remaining in session with the Democrats for one day, also withdrew. One of the Democratic members was called home by illness in his family, and the bill, substantially as passed, was prepared within forty-eight hours by the three remaining Democratic members. The bill provided for state uniformity of text-books, which were to be supplied by contract, under specifications as to prices and quality. The committee took as the standard quality the books most commonly used in the public schools of Indiana; and the prices, the committee says, were taken, with some slight modifications, from a leading firm's special contract price-list. A comparison with price-lists, however, shows that in most cases the exchange price was made the basis. When the bill was reported to the Democratic caucus, the following clause was inserted, to secure the approval and support of the Catholics and Lutherans:

> Any patron or pupil of any school or schools other than the public school, and also any child between the ages of six and twenty-one years of age, or the parent, guardian or teacher of such child, shall have the right to purchase and receive the books and at the prices herein named, by payment of the cash price therefor to the school superintendent of any county in this state; and it is hereby made his duty to make requisition on the contractor for any and all books so ordered and paid for by any such person or persons.

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With this amendment the bill was adopted by the caucus, reported back to the House and passed, many of the Republicans voting for the bill when they saw that its passage was assured.

The papers had brought another influence to bear upon the representatives in favor of the measure. It was repeatedly asserted that "the trust" was spending money freely to prevent the passage of the bill, and the impression was conveyed that members of the House were being approached or even had been bribed by the representatives of the trust. Threats had even been made by the friends of the bill, so it is asserted, that if any Democrats in the House voted against it, their names would be kept standing in the columns of the papers as avowed friends of the trust and enemies of the people.

It is interesting to note that one of the most active members of this special committee personally preferred a free text-book system; but knowing that, owing to the Catholic opposition, there was no hope of the passage of such a bill, he took part in drawing up and passing the present bill as the best one possible under the circumstances. Another interesting fact is that the prices established by the committee were made known to the special agent of a large Eastern publishing house, sent to Indianapolis expressly to look after this law, and were declared by him to be satisfactory to his firm, who would be ready, he said, to bid for the contract.[1] Afterwards, his firm, like the other leading book firms of the United States, declined to bid.

The bill did not meet with the approval of the governor. It was not in accordance with his ideas; but at the same time, believing it to be constitutional, and believing also that by it the prices of books would be materially lowered, he suffered the bill to become a law without his signature, and he has since favored its thorough enforcement.

Soon after the passage of the law, the state board, in accordance with its provisions, met and advertised for bids to supply the state with the ordinary text-books, at prices within those set

[1] This fact was obtained from a member of the committee, who had a personal conversation with the agent on this very point.

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by the law. No responsible book publisher put in a genuine bid, and it seemed at first that the law would be a dead letter—that the legislature had made a mistake and put the prices too low. At length some firms from outside the state, thinking that they could meet the prices set, asked some leading capitalists in the state to go on their bond, in order that they might bid if the state board should advertise a second time. These capitalists became convinced upon investigation that good books might be furnished at a profit within the prices mentioned. Accordingly, instead of signing bonds for foreign corporations, they formed a company, consisting of four Republicans and four Democrats, and themselves put in a bid when the board advertised a second time. The formation of the company had been so quietly effected that the state board knew nothing of it until the bids were opened. The new firm had succeeded in finding a set of readers, a set of geographies and a set of arithmetics that met the requirements and were accepted by the board. The board were unable to find, at the prices named, a grammar, a United States history, a physiology or a spelling-book that was up to the standard; and the appropriation made by the legislature for advertising being exhausted, these books have not yet been provided for under the new law. A series of writing-books offered by another firm were preferred by the board to those offered by the new concern and were accepted. In accordance with the terms of the law, several manuscripts were offered the board; but careful inquiry in Chicago and elsewhere convinced the officials that they would be unable to contract for the publication of such manuscripts within the rates fixed in the law; so these were not further considered.

The reason why the leading publishers of school-books did not bid is not entirely clear. The assertion has been made, in their behalf, that the prices were too low to allow any publisher to furnish good books and make a fair profit. Again, it has been said that they could furnish them in large quantities at the rates named and make living profits; but that if they furnished them in Indiana at those rates, they would be com-

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pelled to supply other states at the same rates, which would greatly reduce their profits. From the fact that so many of them refused to bid for this contract, after some of their agents had expressed an intention of bidding, it seems probable that they had at least a confident hope of breaking down the law and ultimately forcing its repeal. Favoring this view is the fact that a New York firm put in a mock bid, offering some books that were entirely out of date; while a Western house sent a letter, taunting and, to say the least, scornful in tone, in which it was asserted that no reliable firm would or could bid. It is noteworthy that the first-mentioned bid also was a mere taunt — illegal, as not accompanied by a bond. Whatever the reason may have been, the refusal of the old publishers to bid has resulted in giving to the new corporation an apparently profitable contract for five years.

In most of the counties of the state the books were introduced into the schools without opposition; but some of the county superintendents and school trustees were unfriendly to the law and, believing the books inferior to those in use, declined to order them from the contractor. This refusal naturally resulted in law-suits in which the constitutionality of the law was brought into question. A case having been carried up on appeal, the law was definitely declared constitutional by the supreme court of the state. So far as one can see, the law is at present accepted throughout the state, and nearly all those superintendents who were opposed to it at first, and who still perhaps consider it unwise, are nevertheless willing to give it a fair trial, and hope that the legislature will make provision for the completion of the series of text-books required.[1]

The school-book question is still, however, a factor in politics. Resolutions touching the matter were passed by both the leading parties in the state in their last nominating conventions. The Democratic resolution endorsed the law recently enacted and called for additional legislation to give full effect to the objects of this act and to extend its scope. The Republican

[1] A bill for that purpose is about ready to be introduced in the legislature now in session (January 26, 1891).

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resolution demanded legislation which to free school-houses and free tuition should add free text-books, but which should be so framed as not to impair contracts to which the state was already pledged.[1]

One of the candidates in the Republican party for the nomination of state superintendent was known to be hostile to the law. The Indianapolis *News*, an independent paper, in its issue of September 5, 1890, made the following suggestion:

> We suggest to the Republican state convention that it cannot be too careful, in nominating a candidate for the office of Superintendent of Public Instruction, to select one free from taint of suspicion of sympathy with the school-book monopoly, which, beginning with a corrupt lobby to prevent the passage of the present law, has abated no jot or tittle of its purpose to cripple and kill the system if possible. There has been too much aid and comfort in this way from too many state officers to make it anything short of perilous for a state nominating convention to fail to define itself in a positive manner on this question.

This shows the feeling in the state. Some warnings were given by other independent papers, and some of the Republican papers agreed with them. In the nominating convention this candidate was beaten and another nominated, the opposition being avowedly on the ground that he was supported by the friends of the school-book firms. In the succeeding election the Democratic candidate for superintendent was successful, along with the rest of his ticket, the text-book question having in his case little or no effect. At the last election of township trustees, in April, 1890, the school-book question was in many places made an issue. The result of the election was very favorable to the Democrats, the champions of the law. Whether the result were due to this issue or another, it is a fact that out of 92 counties in the state, the number in which the majority of the township trustees was Democratic was changed by the election from 40 to 74. So far as one can judge from conversations with school men and others upon the subject, the people are inclined, for the present at least, to be satisfied with the law and to give it a fair trial.

[1] *Indiana School Journal* for October, 1890, page 552.

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Turning now to the merits of the case, let us inquire why the legislature should interfere in any way, to provide the children with text-books or to attempt to secure for them text-books at cheaper rates. A main argument brought forward by the champions of such laws is that uniformity in text-books is very desirable. The reasons given for this are various. In every country school, it is said, if the children are provided with a variety of text-books, a correspondingly large number of classes must be formed, thus making the teacher much unnecessary work. In the cities, again, the work of grading the schools, and in the country the arrangement of courses of study, are made very difficult. Besides, if there is no state uniformity of text-books, pupils moving from one town to another within the state must provide themselves with new books.

On pedagogical grounds there seems to be no reason for demanding uniformity in text-books beyond the limits of the same school — or possibly, at the very farthest, of the schools in the same town or county. Most educators agree that the matter of uniformity in text-books may be carried too far, and that one series of text-books throughout the state cannot meet the differing wants of schools in unlike circumstances and in different localities. Superintendent Akres of Iowa, in his report of 1883–85 (page 55), gives the opinion of a number of leading educators on the subject. The general belief seems to be that with good teachers

> a variety of books and hence a diversity of treatment would be rather an advantage than a hindrance to good work. It must be admitted, however, that it is not reasonable to expect this of the young teachers, of whom we employ so large a number.

All agree, moreover, that state uniformity is too much to ask; that uniformity of text-books in the towns, or at the utmost in the counties, is enough. In some of the Southern and Western states, state uniformity is preferred on account of the ignorance of local boards; but this has nothing to do with the pedagogical view given.

Another reason urged in favor of legislation is that the text-books are so frequently changed that unnecessary expense is in-

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curred. Many of the states have sought to remedy this by the provision that text-books shall not be changed within a limited time — usually four, five or six years. Certainly no state-publishing law or state-contract system is necessary to prevent changes in the text-books. A law on that single point is amply sufficient.

The argument that has proved most effective in securing legislation in Indiana, and also in other states, is that school-book publishers have combined into a "trust," and that their power, exerted politically, has been detrimental to the state so far as the excellence of its schools is concerned, and has also resulted in exorbitant prices for the text-books. A table, made from reports by the county superintendents of schools in Indiana to the committee on education of the legislature of 1889, gives the names of the publishers supplying text-books in the different counties throughout the state.[1] It shows that more than seventy-five per cent of the text-books used in the common schools, have been supplied by a single firm. The Indianapolis *Sentinel* published this table with the following comment:

> It will be seen that this great firm supplies readers in sixty-nine of the eighty-four counties reported, arithmetics in eighty-two out of the eighty-four, grammars in eighty-one, geographies in sixty-nine, physiologies in forty-seven, histories in fifty-nine and spellers in seventy. The other trust houses are allowed to sell a few books in scattering localities, just to "keep up appearances," but not enough to interfere with the . . . monopoly.

This table, published in the *Sentinel*, had doubtless great influence with the legislature in the passage of the present Indiana law. It was assumed by the paper that the uniformity was too great to be natural, and that it proved the employment of unfair means on the part of the successful house. I suppose that no one would claim that this uniformity was due entirely to the superior excellence of the books manufactured by the firm in question. But on the other hand, does it show anything more than exceptional push and energy in the usual

[1] See attorney-general's brief in State *ex rel.* Philip Snoke *vs.* Elijah A. Blue, Trustee, page 40.

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methods of trade? We all know the ways of active travelling agents in all lines of business. There can be no doubt that corrupt means have, at times, been employed to secure the introduction of text-books. Indeed, the Indiana school law itself favors the employment of unfair means by book publishers. The school trustee alone, in the township, has authority to declare what text-books shall be used in his schools, and a majority of the trustees in the county have the right to name the text-books for the county as a whole. It is obvious that the decision of the few men who hold these powers may be influenced by active agents with comparatively little difficulty, and in some cases, if the agents are willing to employ corrupt means, at comparatively slight expense. But though the methods employed by agents may at times have been doubtful, and though the publishers may not always have inquired too curiously into the means employed by their agents in making sales, it is not to be believed that the methods of school-book men have been more corrupt than those ordinarily employed by other wholesale dealers who have to do with public functionaries.[1] Nor can one who has been acquainted with hundreds of school teachers believe that the teachers and trustees of a state as a whole have been purchased by one or by several book firms. But this much at least may safely be asserted, that the means employed by publishers to urge their books upon the schools have not always been fair, and that it is not surprising that efforts have been made to check them, though these efforts may not always have been wisely directed.

So far as can be learned there is no evidence that the combination of book publishers at that time had resulted in

[1] The activity of agents in inciting parents, teachers and school officers to put in their books, even contrary to law, is shown in a circular, November 24, 1890, by the state superintendent of Mississippi to county superintendents, in which he says that "certain persons, acting as agents of the American Book Company, were going from school to school in counties where the books of the company had not been adopted, and were inciting the people to refuse to supply their children with the adopted books, *etc.*" The attorney-general ruled concerning the law that the use of the books adopted was mandatory, and that "a county superintendent cannot lawfully pay a teacher who refuses or neglects to comply with his contract, which requires that only books selected under the act of 1890 shall be used."

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more than a partial division of territory, and consequently in a slackened competition between the different houses, with a correspondingly lessened expense to themselves for agents. There is no evidence that the prices of books had been raised by this combination, or that competition had been entirely done away with, as in the case of a trust proper. The combining firms simply agreed to abandon one form of competition — that which consisted in employing agents specially commissioned, in the first place, to oust from the schools the books of other firms, and in the second place to protect the books of their own employers against such ouster. Each firm agreed to respect the *status quo*. It is probably true that the prices of school-books were higher than would have been necessary under the normal conditions of trade. The expense of keeping so many agents in the field, before the combination was made, necessitated these high prices; and business firms are seldom prompt to lower rates. But it is doubtful if the abuse was great enough to merit so aggressive action as has been taken in various states. It is of course understood that the cries, "Smash the trust," "Strangle the octopus" and so on, which filled the papers of two years ago, were war-cries to carry the bill through the legislature.

Assuming, however, that the prices of text-books have been unreasonably high, let us consider the relative merits of the different measures proposed in different states to remedy this evil. The first system is that by which the state becomes the publisher and owner — and in some cases even the author — of the text-books used in the schools. California is the only one of our states that has given this plan a fair trial. In 1882 the matter was made a political issue in that state, "by some politicians," it is asserted, though, doubtless, many who voted for the new plan thought the state was to derive great benefit from it, financially and otherwise. In 1884 an amendment to the state constitution obliged the state to provide its own plant and to set about the compilation of the necessary books. The first estimates of the state printer as to the cost were ridiculously low — not ten per cent of what has actually been expended;

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but the legislature promptly voted the appropriations asked for, and the plan has been fairly tested.

From the report of the state superintendent for 1886 I take the following. The superintendent first states the prices of Bancroft's, McGuffey's and Swinton's readers, and thus continues:

> The series of the state costs but little more than one-third of the price of the cheapest of the above.[1] Here is a triumphant success, not dreamed of by the most hopeful of the friends of the enterprise. . . . Henceforth no man will dare try to abort this great reform and saddle again on the people the grinding exaction under which they have heretofore groaned. [Page 36.]

Some longer extracts from the report of 1888, with a careful comparison of prices, lead, however, to a conclusion somewhat different. The writer is evidently laboring to make out his case. On page 49, he says:

> The state of California has taken a step in the right direction in furnishing books of its own manufacture to the children at cost. It should in my opinion go one step farther, and furnish the use of textbooks free to all children attending the public schools.

In his judgment, this step would save half the cost to those districts that were willing to buy the books and loan them to the children. It would probably save more than that. He further says that the complaints against the system have been due to the poor binding of the first edition, and that there has been no complaint in respect to the later issues. Since some of the books have been issued and have gone into use, he finds that many persons who were opposed to the undertaking at first have become convinced of its feasibility and economy. Then, becoming definite as to prices, he adds:

> It may be claimed and must be admitted, that it costs the state more to manufacture the books than it will cost a private publishing house. The state pays better wages than the private publisher and works its help eight hours a day, while the private publisher works his help ten hours a day. But the consumer is interested not in the actual first cost of the books but in the cost to him. Since the state charges no manufacturer's profit, no jobber's profit, and the retail dealer is allowed by

[1] It should be said that there are only three readers in the California series, to five in the other, though in paging there is less difference.

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law to charge no more than it will cost the pupil to have the books sent to him by mail (the retail dealer making only the difference between postage and freight), it follows that the consumer, or pupil, pays the private publisher, or his retail dealer, from 30 per cent to 66 per cent more than he is required to pay the state for his text-books.

To support this statement, he gives a series of tables of books and prices. I cite the last one, which summarizes the others.

Set of State Readers (three books, 928 pages)	$1.25	Set of McGuffey's Readers (five books, 1088 pages)	$2.50
Set of State Arithmetics (two books)	.75	Set of Fish's or Robinson's Arithmetics (two books)	1.25
State Grammar	.50	Reed and Kellogg's or Harvey's Grammar	.75
State History (432 pages)	.80	History (Anderson's, 379 pp.; Barnes', 352 pp.; or Eclectic, 400 pp.)	1.25
State Speller and Analysis	.30	Reed's Speller	.30
	$3.60		$6.05

So far as prices are concerned, the showing is certainly very favorable for the state series; but still it seems to me not quite fair. In both cases, retail prices are given, and presumably these prices were asked and obtained in the Sacramento stores. But these figures seem too high for Sacramento, since the price *by mail* of the state books was five cents higher than that allowed to be taken by retail dealers, while I find that at that date the other books would have been sent by any jobbing house by mail, one book at a time, for a total of thirty-five cents less than the quoted prices, — a small difference, perhaps, but worth noting. Furthermore, the two series of readers compared, while both are considered complete, differ so much in number of books as well as in paging, that the difference in prices should not be reckoned at full value.

Again, and this is of consequence, the prices of the California series are supposed to be so calculated as to cover in twelve years the cost of plant, together with the cost of compilation and plates reckoned on an eight-year life, and one cent per copy profit is added to cover possible errors. As has been said, the first estimate as to the amount of capital required was but a

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small part of the amount actually expended. Again, it was found in 1888 that the prices had been fixed too low, and they were raised at that time to the present rates. These two facts taken together seem to show that in all probability the state has lost, so far at least, the interest on the money invested, besides some of the working capital; and one may well be somewhat skeptical as to future improvement. If the interest on the capital invested be added to the price of the state books — and this seems fair — the difference as compared with the publishers' price becomes less still or even entirely disappears.

The prices of the California state books are as low, it seems, as they can be put; but within the last two years the publishers of other school-books have lowered their prices to purchasers of single copies, and any school district can make very favorable terms with them. If for the prices given above I should substitute the present mailing prices offered by the American Book Company, we should have:

McGuffey's set of Readers	$2.11
Fish's Arithmetic	.90
Harvey's Grammar	.65
History, either of those mentioned above	1.00
Speller	.25
Total	$4.91

The same books could be bought by the school districts or counties or state on contract for $3.94. If we take into account the difference in the number of books and the quality of work, to say nothing of the contents, it seems clear that at present, at any rate, a state, if California is typical, can contract with publishers to furnish it with text-books at a cost as low as that at which it can manufacture them, and can thus escape all the risk and trouble of the manufacture and save the interest on the investment. Indeed, the book companies offer to mail to individual buyers sets of books at rates apparently as low as the mailing prices of the California books. Let me cite one example only of ten lists offered by the American Book Company.

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In addition to the list of California books given above by the state superintendent, the state publishes an elementary geography at 60 cents, and an elementary language book at 30 cents, making the total cost of the set $4.50, or by mail $4.55. The book company places in opposition the following list:

McGuffey's Revised First Reader	$0.17
McGuffey's Revised Second Reader	.30
McGuffey's Revised Third Reader	.42
McGuffey's Revised Fourth Reader	.50
McGuffey's Revised Speller	.17
Fecklin's Primary Arithmetic	.28
Fecklin's National Arithmetic	.70
Maxwell's Primary Lessons in Language	.30
Maxwell's Introductory English Grammar	.40
Swinton's United States History	.90
Harper's Introductory Geography	.48
	$4.62

Other combinations are made at about the same rate, one or two of them at even less than $4.55, and all of them containing some of the best books. It is noticeable, however, that the set of readers is not complete, though containing one more than the state series.

The state of California at present then is not saving money by manufacturing books, if we compare prices with those it might contract for, size and quality of books being considered. It is probably true, moreover, that selections might be made by any board from the books of private firms that would on the whole be better adapted to the work of the schools. Many statements have doubtless been made by private publishers in denunciation of the California series that convey too strong an impression of worthlessness; but the general opinion of educators, as well as the circumstances under which the books have been compiled, both lead to the conclusion that they are inferior to the best standard works of private publishers.[1]

[1] On the 3d of December, 1890, the biennial convention of California school superintendents adopted, almost unanimously, the following resolution:

"Resolved, that while certain of the state text-books — notably the primary language lessons and elementary geography — have met the approbation of the public

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It is probable that the credit for the more liberal rates offered by the school-book publishers, and for the greater care that they are taking to supply books directly to pupils or to school boards, should be given largely to the California movement and to other plans adopted in other states, looking toward cheaper text-books. While the state-publishing plan costs more than a state-contract system might, or than a system of free text-books bought in large quantities by county or town officials, it has, nevertheless, perhaps lowered the price somewhat when compared with the system of free competition now existing in most states.[1]

Several states, with Minnesota the first, — and perhaps, with the exception of Indiana, the most prominent, — have adopted a uniform series of text-books for the common schools, and have made arrangements to purchase the books at a fixed price from one contractor.

In Minnesota the act was passed in 1877, directing the governor, secretary of state, and attorney-general to enter into a contract with Daniel D. Merrill, to supply the state with books for fifteen years; the books to be equal in size and in quality of

school teachers of the state, we desire to record our severe criticism and disapproval of others of the state series, and express our judgment that their thorough revision by competent authorities, so as to adapt them to the wants of the schools, is imperative and should be entered upon at once." — *San Francisco Examiner*, Dec. 4, 1890.

It may perhaps be said here once for all that, while this article is written mainly from the political and economic standpoint, the writer nevertheless considers that the quality of the books is of chief importance. A saving of even fifty cents a year for each pupil, important as it is, is not of such vital consequence as good training; and this training, considering the poor preparation of many of our teachers, is largely dependent on the text-books.

[1] In a letter to Superintendent P. R. Walker, of Rockford, Ill., received after this article was in the printer's hands, Superintendent Hoitt of California distinctly acknowledges that the system has not met his expectations. It has cost the state more to manufacture, he says, and there is a lack of confidence in the authorship. He adds: "In the light of our experience . . . I am reluctantly compelled to admit that I would not advise another state to enter upon state publication of text-books, but I would advise the making of a uniformity text-book law, and the purchase, at wholesale, in open market. I believe that publishers would give to a state a less wholesale rate than to individuals; and taking into consideration the interest on the appropriations in this state, and the wear and tear of the plant, books could now be purchased at wholesale rates by the state for less than it costs the state to manufacture them. In my opinion every state should provide for the free use of text-books."

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both matter and material to certain books named. The prices were fixed in the law, the former price as well as the contract price being stated. In 1878, provision was made for submitting to the voters the question of continuing the act. In 1880, a majority of *those voting on that question* were in favor of its repeal; but this was without effect, since a majority of *those voting at that election* was necessary to repeal the law. In 1883, and again in 1885, some amendments were made regarding the distribution of books; but these were afterward declared unconstitutional, and the original law still stands. The section of the law fixing prices reads as follows:

The prices to be paid by the state for the above-named text-books shall be for the

Speller,	not to exceed	15	cents.	Present price,	$0.25
First Reader,	"	"	10	"	"	"	.20
Second Reader,	"	"	20	"	"	"	.45
Third Reader,	"	"	30	"	"	"	.60
Fourth Reader,	"	"	40	"	"	"	.90
First Grammar,	"	"	25	"	"	"	.60
Practical Grammar,	"	"	50	"	"	"	1.00
First Arithmetic,	"	"	12	"	"	"	.25
Second Arithmetic,	"	"	25	"	"	"	.40
Third Arithmetic,	"	"	50	"	"	"	.94
First Geography,	"	"	50	"	"	"	.80
Second Geography,	"	"	80	"	"	"	1.50
Book of History,	"	"	60	"	"	"	1.50

And for other books than those in this section named, a proportional price and no more shall be paid by the state.

The Superintendent of Public Instruction shall fix a price upon each book which will cover the cost of transmitting them to the several counties of this state.

Agents are appointed by the county commissioners to sell these books to the patrons and children of the schools, and such agents are allowed in payment for their services eight per cent of the amount of their sales, to be paid out of the school fund of the county raised by taxation. "Any person purchasing books from the agents may sell the same at an advance

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equal to an average of ten (10) per cent above the state superintendent's list of prices and no more."

A comparison of these prices will show that book publishers will supply similar books at as good, and in some cases at better, rates even to school districts buying separately, and in some instances to individual purchasers. The testimony of many teachers is to the same effect, *i.e.* that nothing is saved to the pupils in money by the use of the state series.[1] It is doubtless thought by many teachers, probably by the majority, that they could buy from private publishers books that for school use would please them better. Prominent teachers in the state believe that the law will be repealed when the contract expires.

In order that the books may be kept up to the standard, the law provides that they be revised, though not oftener than once every five years, in such particulars as the state superintendent shall direct; but as no provision is made to meet the expense of such revision, this part of the law is practically null. The contractor, however, it seems, in order to keep the good will of the people, has declared his willingness to bear the expense of a revision, under the direction of the state superintendent, of some of the books at any rate.

It may be noted that, in Minnesota, boards of education acting under special charter are not under the law, so that many of the cities are not obliged to use the prescribed books. This doubtless accounts in great part for the boast of some book publishers that they still furnish a very large percentage of the books to the children of that state. The American Book Company claims to supply still about one-half of all the text-books used there.

It cannot be seen that Minnesota, now at least, gains any-

[1] It must be added that letters received from teachers in Winona and St. Paul declare the state prices lower than any obtainable from private publishers. But these teachers do not themselves use the books. A careful study of price lists has convinced me that, when all the percentages are added, the statutory prices are such as the private publishers can and will meet; and I believe the opinion expressed in the text to be correct.

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thing by her system, unless we believe that state uniformity as such is desirable. It is probable, as I have said, that the present low prices of text-books are due in part to the state laws; and to these especially, perhaps, is due the greater care on the part of the publisher to protect his patrons from the rapacity of many of the retail dealers in country towns. By some firms the local dealers are compelled to sign a contract to sell at a fixed retail price, and the publishers pay for advertisements giving these prices. If the retail dealer asks higher prices, he can no longer get good discounts from the publisher. The plan is good for both publisher and purchaser; but we may thank the state-contract systems, and the means employed to pass them — exposure of unequal prices in different places — for this improvement, as well as for lower prices.

The state superintendent of Louisiana, in his report for 1888–89, says that the state board of education, in accordance with their school law, adopted a list of books to be used in the public schools, and school officers were to "enforce the introduction and use of said books absolutely."

Contracts were entered into with publishing houses, and stipulations were made to have the books sold at the lowest market prices. The retail prices are as low as the retail prices of any state in the Union. These prices are stamped on the books. The publishers have obligated themselves (in the contract providing a penalty for non-compliance) to sell them at the stamped prices. The board endeavored to secure uniformity of text-books on terms the most advantageous to the patrons of the schools. To date, so far the scheme to secure uniformity in the use of books at reduced prices has proven satisfactory to those upon whom devolve the expenses of purchasing them.[1]

An extract from the official list of books adopted by the state board as text-books of the state of Louisiana, June 25, 1889, for four years, with the exchange and retail prices,[2] will enable us to compare the prices in Louisiana with those in other states.

[1] Biennial Report of the State Superintendent of Public Education of Louisiana, page 3.

[2] *Ibid.*, pp. 151 *et seq.*

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	EXCHANGE.	RETAIL.
McGuffey's Primer		$0.15
McGuffey's Speller	$0.10	.20
McGuffey's First Reader	.10	.20
McGuffey's Second Reader	.18	.30
McGuffey's Third Reader	.25	.45
McGuffey's Fourth Reader	.30	.50
McGuffey's Fifth Reader	.45	.75
McGuffey's Sixth Reader	.50	.85
Mitchell's First Lessons in Geography	.20	.40
Mitchell's New Primary Geography	.30	.55
Mitchell's Intermediate Geography (State Edition)	.70	1.20
Reed and Kellogg's Graded Lessons in English		.40
Reed and Kellogg's Higher Lessons in English		.60
Nicholson's Primary Arithmetic		.20
Nicholson's Intermediate Arithmetic		.35
Nicholson's Advanced Intermediate Arithmetic		.90

The publishers, in the contract with the state, agree to give a discount of sixteen and two-thirds per cent from these retail prices to dealers generally throughout the state. They further agree that a rebate of ten per cent, over and above this discount, shall be allowed to not less than six depositaries, the said depositaries, by special agreement with the publishers, to agree to sell the books to the local dealers at the general discount of sixteen and two-thirds per cent above named, so as to enable the local dealers throughout the state to sell the adopted books to the consumers at the retail price as stamped on the books.

The state designates such cities and towns as are deemed proper as depositaries to supply these books to dealers, agents, parents and others.

The prices show that the books are sold to the pupils at about the usual wholesale rates of two years ago. It is worth noting that in Louisiana state uniformity and low prices have been secured by this state-contract law, while it cannot be said that there is in any sense a monopoly, as not all the books are furnished by the same company.

In West Virginia, the most radical system has been adopted. The law prescribes by name the text-books that shall be used. The state superintendent is then directed to contract with the

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publishers of those books to furnish them to the state so that the pupils may purchase them at the regular wholesale price — dealers in that state receiving a discount of sixteen and two-thirds per cent from this price. The retail price of the books is to be posted in each school-house and bookstore and a heavy penalty is provided for selling to pupils at higher prices. Provision is made for a renewal of the contract every five years.

Last winter, the governor in his regular message declared that, in his opinion, the pupils of the state were paying "fully one-third more for school-books than they are reasonably worth, and can and will be furnished for, if a proper law upon the subject be made."[1] He was particularly opposed to the designation of the special books by law, thinking that this gave the publishers the power to make their wholesale prices about what they pleased. The combination of several of the leading firms to lessen competition, also, led him to the belief that prices were too high. In a special message sent to the legislature some ten days later — written, it may be said, after an interview with the secretary of the Indiana School Book Company — he calls attention to the law of Indiana and gives lists of comparative prices. These, he says, reveal the fact

> that we are paying over thirty-five per cent more for the books named than the state of Indiana is paying for books of a like character, as good in every way as ours; and we are assured by the manager of the Indiana house that the same books can be furnished to us at the same prices.[2]

It is not to be understood that Governor Wilson recommended the Indiana books; he recommended only the Indiana system. The legislature, however, did not change the present system; but instead amended the former law so that the new contract with the publishers should be made for one year only instead of five, as prescribed by the former law. We may look for new legislation on the subject at the next session.

In Ohio, also, last winter the demand for cheaper text-books made itself felt. Plans ranging from state manufacture to local

[1] Message of Governor Wilson, January 13, 1890, page 22.
[2] Special message, January 28, 1890, page 3.

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contract were brought forward. Section 4020 of the school law gave each school board the right to prescribe text-books for their schools, subject to change not oftener than once in five years; and also the right to purchase direct from publishers and to furnish to pupils at cost price all text-books and school supplies. An amendment to this section was passed April 28, 1890. The amendment makes provision for a school board, to be composed of the governor, the state commissioner of schools, the supervisor of public printing, and two members appointed by the governor, "one from each of the two leading political parties, one of said persons to be a practical educator and the other to be a practical business man." The state commissioner is to procure for this board, so far as is possible, "one copy of the latest and best edition of each of the school text-books in use . . . in the public schools," and the board is directed to secure

> all such information as may be necessary to fully advise them, and within sixty days after the passage of this act, fix the price not to exceed which each of said text-books may be sold to and purchased by boards of education . . .; but the price so fixed on any book shall not exceed eighty per cent of the present lowest price thereof, at which such book is now sold by the publisher thereof to dealers.

Provision is made for notice to publishers and for their acceptance of the terms. Each local board has the right to adopt whichever books it pleases from this list, but it must furnish to the schools, either directly or through dealers, the books of its selection. In either case, the pupils are not to pay more than this contract price plus ten per cent. If satisfactory books and prices cannot be secured in the way above described, the state board is empowered to advertise for bids from publishers, authors or would-be compilers, and in this way to secure satisfactory books at satisfactory prices.

It is worthy of note, in the first place, that the prices are to be fixed on the books "*in use in the public schools.*" It is asserted that this special provision was made at the instance of publishers who had many books already in use, and who knew that some such measure would probably be passed. Its effect

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was to cut off in the first instance, and perhaps permanently, the competition of such contractors as those who were already furnishing Minnesota and Indiana with cheap books, although the provision was perhaps not directly aimed at these special contractors. It is known that the American Book Company — the company which is especially interested — has already purchased the control of the company that supplies the Indiana contractors with their books; but of course the books must still be furnished until the expiration of the five years for which the contract runs. An agent of the American Book Company says, further, that the Minnesota contractor will not act against the company in Ohio — implying that they have joined forces. Others assert that the purpose was to avoid state uniformity such as is seen in Indiana and Minnesota.

It is understood that a difference of opinion arose among the members of the school board regarding the proper interpretation of the expression "eighty per cent of the present lowest price thereof." A decision of the attorney-general made the expression mean "eighty per cent of the lowest price at which books are sold to dealers." All the publishers but one declined to bid under this interpretation. At present the law is practically void, the local boards still making their own contracts as formerly. The state board has not yet fixed the price on any books, and new legislation will therefore be needed to carry out the law.

As the law of Indiana furnishes perhaps the most complete example of this contract system in its fullest development, it may be worth while to give the system and the results in that state somewhat in detail. The law provides that the state board of education[1] shall constitute the board of commissioners.[2] This board of commissioners is to advertise for proposals (*a*) "from publishers of text-books, for furnishing books to the school trustees for use in the common schools of the state for

[1] This is an *ex officio* board, consisting of the governor, the state superintendent of public instruction, the president of the State University, the president of Purdue University (the State Agricultural and Technological School), the president of the State Normal School, and the superintendents of common schools of the three largest cities in the state.

[2] School law of Indiana, sec. 4420.

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a term of five years"; (*b*) from authors of school text-books, for prices at which they will sell unpublished manuscript, with copyright of such books, for the same purpose; and (*c*) from persons who are willing to undertake the compilation of such books as are provided for in the act, for the price at which they are willing to undertake such compilation to the acceptance and satisfaction of the board. The board of commissioners is to be satisfied regarding the excellence of such books, but it

> shall not in any case contract with any author, publisher or publishers, for the furnishing of any book, manuscript, copyright or books which shall be sold to patrons for use in the public schools of this state at a price above or in excess of the following, which prices shall include all cost and charges for transportation and delivery to the several county school superintendents in this state, namely: For a spelling book, ten (10) cents; for a first reader, ten (10) cents; for a second reader, fifteen (15) cents; for a third reader, twenty-five (25) cents; for a fourth reader, thirty (30) cents; for a fifth reader, forty (40) cents; for an arithmetic, intermediate, thirty-five (35) cents; for an arithtic, complete, forty-five (45) cents; for a geography, elementary, thirty (30) cents; for a geography, complete, seventy-five (75) cents; for an English grammar, elementary, twenty-five (25) cents; for an English grammar, complete, forty (40) cents; for a physiology, thirty-five (35) cents; for a history of the United States, fifty (50) cents; for copy books, each, five (5) cents.[1]

These books are to be furnished to the schools by the contractor through the agency of the school officers of the state before the opening of the schools, the township trustees notifying the county superintendent of the number of books that will be needed in his township throughout the year. The county superintendent reports to the state superintendent, who in turn gives the order to the contractor. The contractor ships the books to the county superintendent, who delivers them to the township trustees, by whom they are sold to the patrons of the schools; and the money received for the books is then remitted quarterly, through the hands of the trustees and county superintendents. The state is in no case to incur any financial liability. All sales are to be made for cash, and the work is to be done at the expense of the state by the school officers.

[1] Text-book Law, sec. 3.

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Counties.[1]	McGuffey's Readers.					Ray's Arith.		White's Arith.		Harv's Gram'r.		History.	Geography.			Physiol'gy	Speller.
	First.	Second.	Third.	Fourth.	Fifth.	Intermediate.	Practical.	Intermediate.	Complete.	Elementary	Complete.	Eclectic.	No. 1.	No. 2.	No. 3.	Eclectic.	Eclectic.
Adams	....	....	....	....	....	....	....	42	75	50	75	1 00	55	1 20	....	.....	.....
Allen	17	30	42	50	72	35	50	....	....	42	65	.....	55	1 20	....	60	17
Bartholomew	15	30	40	50	80	30	55	....	....	....	75	1 20	65	1 30	....	70	15
Benton	....	....	....	....	....	....	....	50	75	50	75	.....	80	1 25	1 50	.....	.....
Blackford	....	....	....	....	....	35	50	....	....	42	65	1 00	55	1 20	....	70	20
Boone	20	35	45	60	85	....	60	....	....	56	75	1 25	65	1 25	1 50	.....	20
Brown	20	35	50	60	....	35	60	....	....	45	75	1 00	60	1 20	....	75	20
Carroll	....	....	....	....	....	....	....	42	75	50	....	.....	55	1 10	....	.....	.....
Cass	17	30	42	50	72	....	....	35	65	42	65	1 10	55	1 10	....	75	17
Clarke	17	30	42	50	72	....	....	35	65	42	65	.....	55	1 10	1 30	.....	17
Clay	20	35	50	60	85	50	70	....	....	50	75	1 25	75	....	1 50	.....	20
Clinton	20	35	45	60	85	....	60	....	....	....	....	.....	60	....	....	.....	.....
Crawford	....	....	....	....	....	....	....	....	....	....	....	.....	....	....	....	.....	.....
Daviess	20	35	45	60	85	....	60	....	....	50	75	1 00	60	1 20	1 40	.....	20
Dearborn	25	30	50	65	90	....	65	....	....	50	85	.....	70	1 25	....	75	.....
Decatur	20	35	50	59	85	41	60	....	....	50	75	1 17	46	1 30	....	70	20
Dekalb	20	35	50	60	85	....	....	60	75	50	75	.....	....	....	....	75	20
Delaware	20	40	55	65	99	40	60	....	....	....	80	1 25	55	1 20	....	.....	20
Dubois	20	35	50	60	80	....	60	....	....	45	75	.....	65	1 30	1 50	.....	20
Elkhart	....	....	....	....	....	....	....	....	....	50	85	.....	....	....	....	.....	.....
Fayette	15	25	35	52	50	21	52	42	54	35	53	84	55	....	1 20	50	.....
Floyd	....	....	....	....	....	....	....	....	....	....	....	.....	....	....	....	.....	.....
Fountain	20	35	50	60	86	45	60	....	....	50	75	1 20	65	1 40	....	.....	20
Franklin	....	....	....	....	....	....	....	....	....	....	....	.....	....	....	....	.....	.....
Fulton	20	30	45	60	85	....	....	50	75	45	80	1 25	....	....	....	75	20
Gibson	20	35	50	65	85	....	65	....	....	....	75	.....	....	1 25	....	.....	20
Grant	20	35	50	60	85	....	70	....	....	50	80	.....	60	1 25	....	75	20
Greene	20	35	50	65	80	....	60	....	....	....	75	1 25	....	1 25	....	1 25	20
Hamilton	....	....	....	....	....	....	50	....	....	45	65	.....	55	1 20	....	75	20
Hancock	....	....	....	....	....	40	60	....	....	40	75	1 10	....	....	....	.....	.....
Harrison	....	....	....	....	....	....	65	....	....	....	80	.....	....	1 50	....	70	20
Hendricks	....	....	....	....	....	....	....	42	76	50	78	1 20	64	1 30	1 50	72	.....
Henry	20	35	55	65	85	....	....	60	75	50	75	1 25	....	....	....	75	20
Howard	....	....	....	....	....	40	60	....	....	50	75	1 20	65	1 35	....	.....	20
Huntington	....	....	....	....	....	....	....	60	75	45	75	.....	65	1 35	....	70	20
Jackson	17	30	42	50	72	35	50	....	....	42	65	1 00	55	1 10	....	1 00	17
Jasper	20	35	50	60	85	....	....	40	75	50	75	.....	65	1 35	....	.....	20
Jay	....	....	....	....	....	....	....	....	....	....	....	.....	....	....	....	.....	.....
Jefferson	20	30	42	50	75	35	50	....	....	45	65	1 00	55	90	1 50	1 00	20
Jennings	....	....	....	....	....	....	....	....	....	....	....	.....	....	....	....	.....	.....
Johnson	....	....	....	....	....	35	65	....	....	....	....	1 25	65	1 35	....	.....	25
Knox	20	35	45	60	85	25	60	....	....	50	75	1 00	65	1 40	....	75	20
Kosciusko	20	35	50	60	85	....	....	50	85	50	85	.....	70	1 40	....	75	20
Lagrange	....	....	....	....	....	....	....	40	70	....	....	.....	....	....	....	.....	.....
Lake	15	30	42	55	85	45	65	....	....	....	80	.....	65	1 30	....	.....	23
Laporte	....	....	....	....	....	....	....	....	....	....	....	.....	....	....	....	.....	.....
Lawrence	20	35	50	65	85	35	65	....	....	....	75	.....	65	....	1 50	75 1 20	20
Madison	20	35	55	60	85	....	....	60	65	....	....	.....	70	1 40	....	.....	20
Marion	....	....	....	....	....	....	....	45	65	50	85	1 10	75	1 40	....	1 00	20
Marshall	20	35	50	60	85	45	60	....	....	45	75	.....	....	....	....	.....	20
Martin	....	40	50	65	1 00	....	75	....	....	....	80	1 25	....	1 25	1 50	.....	.....
Miami	20	35	45	60	85	....	....	60	75	50	....	1 25	60	1 25	....	.....	20
Monroe	20	35	50	60	85	....	65	....	....	....	75	1 20	70	1 25	1 50	70	20
Montgomery	....	....	....	....	....	....	....	60	85	45	85	1 25	75	1 35	1 50	.....	.....
Morgan	....	....	....	....	....	....	....	....	....	....	....	.....	....	....	....	.....	.....
Newton	....	....	....	....	....	....	....	55	85	60	85	.....	75	....	1 50	75	20
Noble	20	35	45	55	80	....	....	55	....	45	70	1 10	55	1 20	....	65	.....
Ohio	20	35	50	60	90	....	55	....	....	....	80	1 25	65	1 25	1 35	60	20
Owen	20	34	50	60	85	50	60	....	....	50	80	1 35	65	....	1 35	.....	.....
Orange	20	35	45	55	75	....	50	....	....	35	65	1 00	60	....	1 35	.....	20
Parke	20	35	50	60	1 00	....	....	....	....	50	85	1 00	75	....	1 50	1 00	20
Perry	....	....	....	....	....	....	....	....	....	....	....	.....	....	....	....	.....	.....
Pike	....	....	....	....	....	....	....	....	....	....	....	.....	....	....	....	.....	.....
Porter	20	35	50	65	80	....	....	40	80	50	80	1 20	....	....	....	.....	.....

[1] This table is taken from the attorney-general's brief in the case of State *ex rel.* Philip Snoke *vs.* Elijah A. Blue, Trustee, *etc.*, pp. 42, 43; published in the Indianapolis *Sentinel*, February 20, 1890.

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COUNTIES.	McGUFFEY'S READERS.					RAY'S ARITH.		WHITE'S ARITH.		HARV'S GRAM'R.		HISTORY.	GEOGRAPHY.			PHYSIOL'GY	SPELLER.
	First.	Second.	Third.	Fourth.	Fifth.	Intermediate.	Practical.	Intermediate.	Complete.	Elementary	Complete.	Eclectic.	No. 1.	No. 2.	No. 3.	Eclectic.	Eclectic.
Posey	20	35	50	60	85	40	60	....	....	50	75	1 15	65	1 30	1 50	70	20
Pulaski	20	35	50	60	85	30	60	45	90	45	....	1 15	....	....	....	70	10
Putnam	20	35	50	60	85	40	65	....	....	50	80	.....	....	....	....	70	20
Randolph	15	30	45	55	85	30	60	....	....	40	76	1 25	65	1 28	1 50	75	20
Ripley	17	30	45	50	75	....	50	....	....	45	65	1 00	55	1 20	60	.....	17
Rush	20	35	50	60	85	....	60	....	....	50	80	1 25	65	....	1 50	75	20
Scott	30	40	55	70	1 00	50	65	....	....	55	85	1 35	60	....	1 60	1 00	20
Shelby	....	....	....	....	....	....	....	....	....	....	....	.....	....	....	....	.....	.....
Spencer	20	35	50	60	85	45	60	....	....	45	75	1 25	76	1 20	....	.....	20
Starke	25	40	55	75	1 00	....	65	....	....	55	90	1 25	75	1 35	....	.....	.....
Steuben	20	35	45	55	75	....	....	40	70	45	70	1 10	....	....	....	.....	.....
St. Joseph	....	....	....	....	....	....	....	65	90	....	....	.....	75	....	1 60	.....	.....
Sullivan	20	35	45	60	75	35	60	....	....	45	75	1 00	60	1 30	....	.....	20
Switzerland	20	35	50	60	85	45	60	....	....	50	80	1 20	65	1 25	1 55	1 00	.....
Tippecanoe	20	35	50	60	85	....	....	60	75	50	75	.....	60	1 20	....	70	20
Tipton	17	30	42	50	72	....	....	....	....	42	65	1 00	55	1 20	....	84	17
Union	15	25	35	42	60	....	42	....	....	....	54	84	46	1 00	....	60	15
Vanderburg	20	35	50	60	85	....	....	....	....	....	....	1 20	60	1 25	....	60	20
Vermilion	....	....	....	....	....	....	....	....	....	....	....	.....	....	....	....	.....	.....
Vigo	25	40	50	65	90	....	65	....	....	50	85	.....	75	1 40	....	75	.....
Wabash	20	35	50	60	85	....	....	45	75	50	75	1 20	65	1 40	....	75	.....
Warren	20	35	45	55	85	45	60	....	....	50	65	1 10	65	1 35	....	65	20
Warrick	25	40	60	75	90	....	....	65	85	50	85	1 25	75	1 40	....	.....	.....
Washington	20	35	50	60	85	....	60	....	....	50	75	.....	65	1 25	....	.....	20
Wayne	20	35	50	60	85	....	....	45	75	....	....	.....	70	1 35	....	70	.....
Wells	....	....	....	....	....	....	60	....	....	50	75	.....	65	1 25	....	75	20
White	25	35	50	60	85	....	....	40	75	50	75	1 15	65	1 30	1 50	.....	20
Whitley	20	35	45	60	75	45	60	....	....	50	75	.....	....	....	....	60	20

It is difficult at this early date to give exactly the saving made to the state by this law. The preceding table, compiled from figures submitted by the county superintendents to the committee on education of the last legislature, purports to give the usual prices obtained for the text-books in the various counties of the state.

The table has permanent value, as showing the variation in prices throughout a state, under a system of free competition modified by county contracts in places. It is due the publishers to say that it has been clearly shown, since the publication of this table, that some few of the county superintendents sent in "contract," instead of retail prices. The superintendent of Union county, for example, writes that he sent in "contract" prices, while prominent dealers of the same county give their regular retail prices about the same as those in Vanderburg county. Similar facts appear regarding Fayette County. In Bartholomew county there is clearly a mistake

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as to the readers in general use, as the county had adopted Harvey's instead of McGuffey's. There are probably other mistakes of more or less consequence. It still holds true that this table, based on returns from the county superintendents, had a powerful — very likely a decisive — influence in securing the passage of the law. It is true, too, that the table does show really wide variations in the prices in the different counties; and the advocates of the law, who were denouncing the "school-book trust," of course charged this lack of uniformity upon the publishers. Doubtless the retail dealers were more to blame; for in the case of the State *ex rel.* Philip Snoke *vs.* Elijah A. Blue, Trustee, it was proved, by the affidavit of a member of the firm which furnished the great majority of the books in use, that their prices, as issued by themselves and by wholesale dealers in general, were uniform; also, that in their sales throughout the state to dealers, they had consistently followed their regular rules regarding discounts, and had in no case given more than 16⅔ per cent. Catalogues of large jobbing houses confirm the testimony.

If, now, we grant that the books furnished under the new text-book law are equal in paper, binding and print to those named in the law, — and this has been virtually affirmed by the state board of education, — we can see that a great saving has been made in the cost of books. The city superintendent of one of the largest cities in the state estimates this saving at from thirty-three to forty per cent. Other good authorities estimate it at even more than that. The state superintendent, thinking that the cost of introduction, which may fairly be added to the prices of the books, is very large, has secured reports from as many counties as possible in the state, with the purpose of showing the cost of introduction of these books during the first year. These reports, from over forty counties, show that, if the estimates are fair, the cost of handling the books for this first year amounts to some $22,000; others, reckoning by districts, put the expense at nearly $40,000. Some of the school officials are of the opinion that this item is enough to more than balance the saving in the price of the books. The

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law, then, in their judgment, results merely in a shifting of the burden from the parents to the tax-payers.

These figures, however, cannot be considered as fairly representative. In the first place, the cost of introducing the books in the first year will greatly exceed — in fact, will probably more than double — that of supplying the regular demand for the books thereafter. Again, in many of the counties where the expense seems greatest in proportion to the amount of books sold (as, for instance, in Warren county, where, for selling $189.20 worth of books, there was paid to the trustees and county superintendent the sum of $320), little attempt has been made to carry the law into execution; on the contrary, decisive efforts have been made to throw discredit upon it. In contrast with this report can be placed the report of the city of Fort Wayne, where, according to the statement of the city superintendent, more than $2000 worth of books have been introduced, at an expense of less than $12; and where the total expense, including new books furnished to the teachers at the expense of the board and those furnished to indigent pupils, was $132.29. In this case, the cost of introduction is the amount paid for drayage and the mere handling of the books. The work done by the city superintendent and the janitors and by the clerk in selling the books is not reckoned. The labor of these officers has been increased, but their salary has remained the same. So, too, it is doubtful whether the amount returned by some of the county superintendents and school trustees as to the expense of handling the books is fairly estimated. The work of selling the books must in many instances be so combined with other work that it is difficult, if not impossible, to separate it. Where, owing to this law, the county superintendent has been furnished with an assistant, it is easy to determine the extra expense; but in many cases it is difficult, if not impossible. Another report of the state superintendent, given in a private letter, shows that the cost of managing the educational affairs of the counties, so far as the trustees are concerned, exceeds in 1890 that of 1889 by $13,061.85.

Even granting that the returns made to the state superin-

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tendent in the first list are just and fair, we still are able to see that there has been a real saving of considerable extent in the price of books furnished to pupils, provided, of course, that the books are of equal quality with those replaced. The book company has furnished during the year some $300,000 worth, and if only twenty per cent has been saved in price, this is enough to counterbalance the cost of introduction twice told. This last item of course varies greatly; but when the effort has been fairly made, the introduction appears to cost from five to ten per cent of the selling price. When the system is fairly in operation, this item should not be more than ten per cent, and should in most cases be less. It must not be forgotten that the contractor pays the freight to the counties. It is probable that the law would be improved, if an amendment were made, permitting the contractor to deal directly with local dealers, rather than with the county superintendents and school trustees. Many of the dealers would be willing to do the work at a low percentage of the sales; some would do it for nothing. This would be both cheaper and more convenient.

The third plan of providing the schools of the state with cheaper text-books, and the plan most favored by the best educators, is the free text-book system, which has been adopted, wholly or in part, in Massachusetts, Michigan, Vermont, New Hampshire and Wisconsin, in the cities of California, New Jersey and New York, and in other places. Under this system, the school boards or the county boards, as the case may be, purchase the books that they deem most desirable from the publishers, at wholesale, in large quantities, and then either rent them or, more commonly, loan them to the children. In Massachusetts, where this system has been compulsory for several years, the saving has been very great.[1]

School-book men in general say that under this system the average life of a text-book is from three to five years, so that besides the cheaper prices obtained by purchasing books from

[1] In Boston, the average cost per pupil for six years was $3.43 in the high schools; $1.14 in the grammar schools; 23 cents in the primary grades. This covers a larger series of books than are contained in the lists given above; but I have not the data for exact comparison.

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the publishers in large quantities, the same book may be used by at least three, and frequently more, different pupils. In the seventh and eighth grades of the grammar school in Frankfort, Indiana,[1] standard text-books in literature have been furnished by the school board to the pupils, instead of readers. The same books have been used by two sections of the same class and by both classes at the same time, making four students that were using the same book at once. In spite of this use, the books that were bought twelve years ago are still in use in that school, and are still in good condition. Some of the text-books, for example "Kellogg's edition of Shakespere," cost originally twenty-five cents each. This made the cost, for each pupil, only about six cents for one year, and half a cent for the twelve years. Under a system of individual purchase, the outlay for books to do the same service would be per pupil twenty-five cents yearly, or for the twelve years, three dollars. This example shows most strikingly how much money may be saved by this free text-book system, even if the prices paid the publishers be not so low as may be obtained under the contract system.[2] Similar results are shown in the supply of pens, stationery, ink, *etc.* Other reasons given for the adoption of the free text-book system, instead of the state-manufacturing or state-contract system, are perhaps well summed up in the following:

1. Much time is saved. It has been estimated in Massachusetts that some five days' time is lost each year by delay of parents in purchasing books.

2. It secures a better classification and greater uniformity than purchase by pupils, unless the purchase be under some prescribed uniformity law. In the Report of the State Superintendent of Missouri for 1890, we find the following:

> One man [a member of a school board] a few weeks ago was complaining of the multiplicity of text-books in use in his school; he said:

[1] Given on authority of Professor R. G. Boone, of the State University, formerly the superintendent at Frankfort, and the one that introduced the plan.

[2] In an admirable little pamphlet on Systems of Text-book Supply, by S. S. Parr, the average per capita cost per year under any of the systems is placed at about 60 cents.

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"There are three kinds of arithmetic of the same grade, two geographies and four grammars in use, and, don't you know, that are [*sic*] too many for one teacher to teach every day." [Page 18.]

Similar instances as regards both the number of books and the learning of the director can be found in many states.

3. It effects a saving in expense. This has been abundantly illustrated.

4. It cultivates respect for public property. Contrary to the general impression, experience proves beyond question that children, acting under the influence of the teacher and of the stimulus that comes from the penalty of buying a new book if the one owned by the district is carelessly lost or spoiled, take better care of books belonging to the school than of their own.

5. It secures a better variety and choice of books. Especially is this shown along the line of supplementary reading, *etc.*

6. It effectually prevents waste in the case of a change of residence on the part of families.

7. It increases the attendance. In East Saginaw, Michigan, the year the free text-book system was inaugurated saw an increased enrollment of ten per cent with less than one per cent increase in the school census. In Fall River, Massachusetts, in seven years the enrollment increased but two per cent, while the average attendance increased twenty-seven per cent. The superintendent says: "The result is due almost entirely to free text-books." Indeed, this is the universal testimony, and no one can fail to recognize how powerful an argument it is in favor of the system.

8. No discrimination is made between rich and poor.

As regards objections to the plan, it may be said that children are not forbidden to purchase their own books if they wish, but are enabled to secure them at cost price; that no ill effect in the way of transmission of contagious diseases has been seen, and that this effect would more likely come from our public library systems, where no such effect appears; that so long as the books are furnished to all, no feeling of dependence is engendered; that not so much time of school officers is taken as

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under any system of state supply to pupils at cost; and that in any case, when the books are furnished to the school as a whole, this is not a burdensome task.[1] As regards the assertion that the pupil's text-books frequently furnish the nucleus of a private library, it may be questioned whether they are especially adapted for this purpose. The money saved by free text-books, however, if invested in supplementary works, might well serve to start such a library.

The weight of opinion among school men — state superintendents, city superintendents and others — is very decidedly in favor of free text-books, with the choice of books left to local authorities; though in not a few cases county uniformity, and in some instances, especially in the South and West, state uniformity is thought desirable. In our newer states, it is doubtless often true that the local authorities are not competent to select suitable books, and it is doubtless wise for the state authorities at least to recommend a list from which they may choose. The state superintendent of Texas, in his report for 1888, page 23, says: "The free text-book system would not be generally practicable in Texas outside of the larger towns and cities, on account of the want of suitable provisions for the care and preservation of the books." He nevertheless thinks that system the best one where there are good buildings. Along the same line of thought, he recommends state uniformity of books for the ungraded schools, but not for the cities; and he has through his personal influence brought about county uniformity in many or most of the counties of the state.

It will be a matter of surprise to many that, in spite of quite a general feeling against it among school men, no less than eleven states at present have state uniformity of text-books; while in some others the state superintendent furnishes more than one list of text-books from which the counties or districts must or may choose. Delaware, which formerly had the system of state purchase, somewhat similar to the system in Minnesota and Indiana, has abandoned it, though there is still state

[1] This summary is mostly taken from the Report of the State Superintendent of Indiana for 1888, pp. 429 *et seq.*, and Iowa Report 1883–85, pp. 69 *et seq.*

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uniformity of text-books. Maryland, with former uniformity throughout the state, has now county uniformity only.

In three states, Massachusetts, Maine and New Hampshire, text-books are free throughout the state. In at least seven other states either the town, district or county may decide by vote to make books free. In other states still, this power is probably in the town. Wherever the system is introduced it grows rapidly in favor. In Michigan, a law providing for submission of the question to the several school districts having passed the legislature in 1889, at the following spring election not fewer than 520 districts voted in favor of free text-books.

In many states it has been for some years the custom for the town or county officials, when adopting a series of text-books for use in the schools, to enter into a definite contract with the publisher to sell at a fixed price to pupils, as well as to dealers, though the board does not itself undertake the sale of the books. All the cases in which the state officials purchase books out of the public funds and then sell to pupils have been already given, it is thought, except Iowa, where this may be done by town or, after special vote, by county officials. In case of free text-books, of course, the public funds are used to purchase the books, but no regular mercantile business is done, though individual pupils are usually allowed to get books at the contract rate.

From our study so far, we reach the following conclusions:

1. The state manufacture of text-books, as carried on in California, has not directly reduced the expense to the state. It is certain that most of the books are inferior to those that might be obtained at about the same prices by special contract, wherever the school officers are fairly competent men. The special-contract system, moreover, enables the different localities to suit their own needs.

2. The contract system in Minnesota, where all the books are furnished by one contractor, has not directly lessened the cost of books to the pupils, if we take present rates. It probably did — with California and Indiana — have an influence in reducing prices. Some of the books are not satisfactory, though they are by no means so nearly worthless as represented.

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3. Prices in Indiana have been materially lessened by the contract system. As regards the quality of the books, they may fairly be called good, — though not the best, — both in material and in subject matter. The list is not yet completed. Better books might readily be obtained in open market at somewhat higher prices.

4. The action of these three states in particular, and the agitation of the question in other states, has doubtless produced good results, in that it has led to lower prices from publishers, better control of retail dealers as regards their profits, and a careful study of the whole question. The agitation has been in good part due to the desire of politicians to pose as friends of the poor; but the success of the movement is largely due to methods, often unwisely political and sometimes positively corrupt, employed by publishers' agents in pushing sales.

5. The free text-book system seems, on the whole, to be the best, both as regards economy and the general effect on the schools. In some few localities, it may be impracticable, — as the state superintendent of Texas affirms that it is in many of the country districts of his state, though even there it would probably work better than he thinks.

6. Whether these text-books shall be prescribed and purchased by the state, county or local board, will depend upon special circumstances. In the states in which the local boards and even the teachers are almost utterly untrained, it would seem best for the state to take the matter in charge, at least so far as to select a number of standard sets from which a choice may be made. In the more progressive states, the towns and cities can well manage the business for themselves. Here state uniformity is doubtless an injury. In states in which the county superintendents are attempting to grade the rural schools, the county should be charged with the selection of the books, so far as those schools are concerned. In some few of the smaller states, the whole state corresponds roughly to the county in the larger states, and similar circumstances there might well require state uniformity. Again, in some of the Eastern states, where

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there is practically no county organization, of course the towns must serve as the unit where the state does not.

The whole question is an exceedingly interesting one to the student of political science. The whole agitation is evidently but part of that great movement away from individualism and toward the increase of governmental functions — toward even a strongly centralized control. The question, too, is by no means settled. In several states the matter is being discussed, and before this article shall appear in print, many bills will doubtless be under consideration by our state legislatures and some new laws may already have been passed. We may feel confident that however much political parties may use the question to serve party ends, or however much rival publishing houses, in their own interests, may scheme to promote or smother special bills, the public schools are, after all, dear to the people; and whatever plan shall have shown itself by experience to be best will eventually prevail, though it may be only after many costly experiments. In this matter, as in so many others, we need more light on present conditions, more comparative study, and we should not legislate too hastily.

JEREMIAH W. JENKS.

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MARSHALL'S PRINCIPLES OF ECONOMICS.[1]

THIS work surpasses even the expectations that were formed concerning it. Its merit and importance justify the eulogistic reviews of it that have appeared in America and especially in England; and there is that in the work that gives to it a more distinctly epoch-making quality than can be attributed to any work that has appeared in many years. Following in the series of economic classics the works of Ricardo, Malthus, Mill, Jevons, Cairnes and Sidgwick, it is in character most nearly allied to the work of Mr. Mill, since it systematizes a great amount of seemingly divergent thought. Adding its own special contribution to the general result of past and present thinking, it presents the science of economics as it stands to-day in a nearer approach to unity than has seemed to be possible.

The peculiar service of Professor Marshall's work may be characterized as a re-systematization made necessary by the studies of the last twenty years. This has been a period of restless progress, of a tearing down and rebuilding of the old scientific structure, coupled with a marked disagreement as to the nature of the changes needed. It is not to be expected that the unity resulting from Professor Marshall's work will be as nearly complete as that which was imparted to antecedent theories by the work of Mr. Mill; the wealth of material used precludes this. It is not to be desired that the present work shall dominate economic thought in England and America for any such period as that during which Mr. Mill's work has dominated it; that is possible only when the science is in a comparatively stationary state. That any work should long hold such a place as that held for forty years by Mr. Mill's *Principles of Political Economy*, would require not only that it should in

[1] Principles of Economics. By Alfred Marshall, Professor of Political Economy in the University of Cambridge. Volume I. London and New York, Macmillan and Co., 1890. — 754 pages.

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itself mark an advance on earlier writings, but that after its publication the activity and progress that are the inspiring feature of our era should cease. Professor Marshall has summarized the results of twenty years of thought, added his personal contribution, brought the whole into a certain harmony with the work of earlier periods, and presented the science in a way that does not repress but positively invites immediate and further progress. By his own summary of results he has furnished a useful starting-point for work, and by the criticism which he invites on his own conclusions, he affords an incentive to such progress and an indication as to the directions in which it will be useful. The discerning reader of the book of which we are speaking will not lay it down with the impression that economic theory is complete and that avenues for further advance are wanting; he will have, on the contrary, a positive impression as to the places in the system in which work both critical and constructive needs to be immediately done.

A special aim of the author is to connect the studies of the present with those of the past. In his preface he says:

> Some of the best work of the present generation has appeared at first sight to be antagonistic to that of earlier writers; but when it has had time to settle down into its proper place, and its rough edges have been worn away, it has been found to involve no real breach of continuity in the development of the science. The new doctrines have supplemented the older, have extended, developed and sometimes corrected them, and have often given them a different turn by a new distribution of emphasis; but very seldom have subverted them.

The theory then, that is about to be presented is to be in harmony with that of the Ricardian school. If this result were to be secured, as the reader is in danger of thinking from the announcement quoted, by excluding from the results of recent studies whatever is definitely out of harmony with Ricardianism, the service would be anything but a welcome one. It is, however, accomplished in another way. By a generous interpretation of Ricardo's own words the author makes them foreshadow much of what is most valuable in recent writing. It is a heroic attempt that selects the work of Ricardo for such treatment.

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The *Wealth of Nations* will bear it exceedingly well. The half-expressed thoughts of Adam Smith cover a large area that is occupied by the writers of the present day, and readers will probably agree that the attempt to connect recent work with that of Adam Smith would be both easier and more fruitful than the effort to harmonize it with that of any of his successors.

Professor Marshall's book is avowedly based on the "principle of continuity"; the evolution of industry is without breaks, and that of science should be so. Apart from this unbroken progress in evolution, there is a continuity in the series of economic entities as they exist at any one time. Things that have seemed to be sharply distinct shade into each other, in reality, by a continuous series of gradations. The author thinks that the lines of demarcation that have been drawn between economic entities of many kinds have worked harmfully. As applied to the history of economic literature, the principle of continuity involves the tracing of a very gradual development of thought, in which each contribution is closely dependent on its predecessor. As applied to the study of contemporary literature, it means the harmonizing tendency already referred to. As applied to the definition of terms, it involves the recognition of an imperceptible shading of one thing into another, and the adaptation of language to this fact. This last is the least favorable field for bringing the principle into the foreground; the practical result is a certain premeditated vagueness in the use of language. The author indeed states that different concepts must be kept clearly distinct from one another, and undoubtedly keeps them so in his own mind. In view of his emphatic appeal for elasticity in the definition of terms, his readers will not always be able to retain the same clearness of thought. Yet one feature of his mode of definition is of great value. It is his method of multiplying the number of terms at our service. Every economist is troubled by the fact that his concepts outnumber his names for them, and is obliged to get new names by coining or borrowing words, or employing more or less inconvenient phrases. Professor Marshall has used the same term for several kindred concepts,

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and has distinguished these from each other by qualifying adjectives. This method makes science generally intelligible and keeps it in touch with practical life. It may be added that this very multiplying of terms removes the only necessity for vagueness or elasticity of definition. By naming the entire series of things that are supposed to be like each other it is possible to keep them, in thought, not indeed as widely apart from each other, but as really distinct as if there were no resemblance between them. The author pleads for elasticity of definition while in the act of removing the need of it.

The earlier parts of the work are occupied with problems of less difficulty than those that come later, and will, in the main, be read and accepted with little question. As the work progresses the careful reader will insert mental interrogation points here and there. He will find that his interest increases as the interrogation points become more frequent, and that it culminates where they are changed to marks of positive dissent. I venture to record the opinion that the value of the work reaches a maximum in a passage that is demonstrably incorrect. In the search for a law of wages and interest the author has conducted us to a position that is in some respects very advanced but is clearly untenable, and here, therefore, he has given the most effective possible stimulus to further work.

There is a preliminary survey of the economic field, in which is traced the growth of free industry itself and of the science for which industry furnishes the material. The treatment of consumption is properly placed early, and is made to furnish data for the following studies. A peculiarity of the arrangement adopted is the studying of the laws of population under the head of production. This arrangement is based on an idea that assumes greater importance in the part devoted to distribution, the idea, namely, that labor may be grouped with commodities as being subject to laws of demand and supply. Not merely work but a working man himself is something that needs to be industrially produced, and that is produced through the agency of food, clothing, *etc.*, when the price offered is high enough. He is born and reared when the "demand price"

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covers the cost. To many readers this will be a beginning of troubles. Something that not every one will approve is the use of the term "Demand" as interchangeable with "Consumption," and that of "Supply" as interchangeable with "Production," in the titles of two of the books or divisions of the work.

A problem of great importance is whether the general principle of evolution applies to forms of industrial organization. Does the fittest form survive? "Not always," says the author; and here again he applies his extended definition of the terms supply and production. Not only men but modes of organizing men for purposes of industry, are subjects of demand and supply. The beneficent form survives when there is an "efficient demand" for it. If the community is willing to pay for this form, it can have it; but the men who make it must have their wages.

This law of survival is seen in operation in the case of large and small industries. There is no inflexible law that is certain to crush small establishments out of existence. A wide observation shows that there is a general tendency toward the enlarging of establishments; but it is subject to checks so efficient that one who should study the contending forces only *a priori* would here and there be puzzled to know which of the two sets is the stronger. The limits to which concentration is to go cannot be fixed by deductive reasoning; and they have not yet been determined by experience. A step toward the solution of the problem is taken in the chapter in which it is shown that essential concentration does not consist in massing workers under one roof. They may stay at home instead of going to the mill, and still work under the factory system. This means, in effect, that a factory is a thing of many shapes, and that it may even scatter itself locally over the country without losing its unity. Electricity may carry motive power everywhere and put machines into a hundred laborers' dwellings; and in that case the hundred scattered chimney-corners where the working appliances stand are for essential purposes united, parts of one whole, so long as one employer directs the work. Moreover the scattered aggregate

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may be a quasi-factory. If the workers do not have one common employer, if they are separated into little coteries of which each has an employer of its own, these men may still sell their entire product to one wholesale house, and the result to all concerned may be much the same as if the single firm employed them. The wholesale house dictates the quality and amount of the product, and puts it all on the market. It is a case of slightly disguised centralization; and as the reader will conclude, the effect of the study of such cases is not to show that small and really independent establishments have a prospect of doing hereafter a large part of the world's work; it is to show that in many instances where small shops exist, they do so by forfeiting much of their independence. They are in the condition of small states absorbed into large ones without a complete loss of local autonomy. Is the inference against the current impression that large establishments are devouring small ones, or in favor of it? The answer will vary according to our notion of what constitutes an establishment. If it is merely a separate laboring group, a coterie of men who do their work together and apart from other coteries, then small establishments have still a large function to perform. If, on the other hand, the true industrial establishment is the whole cluster of working groups held together by the wholesale house, then indeed the large ones are even more nearly all-devouring than is currently supposed. Centralization goes on the more rapidly because a small industrial group can live, after a fashion, within the maw of a large one.

We pass wholly over the passages, — embracing the greater part of the work, — to which the reader will give only admiring assent. In the approaches to the paramount subject of distribution, questionings become more frequent. In harmony with the view that regards the person of the worker as a subject of production, the acquired abilities of the worker are treated as capital. The expense of training an artisan, like the outlay incurred in building a machine, is an element in the cost of producing the commodities that he is afterwards to make. The cost of silken fabrics is partly resolvable into the

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outlay involved in making looms, and partly into the outlay incurred in training weavers. There is certainly something in the operation of learning a trade that is akin to capitalizing. The youth works in the training school, and he defers to the future the final fruits of the process. He lays up wealth, as it were, by doing that which avails only to give him a larger income hereafter. It is much as if he put money into the bank; and this fact certainly needs to be taken account of in a scientific study of industry. The particular mode of taking account of it that rates acquired abilities as actual capital makes a capitalist of every worker who has taken time to learn how to do anything, — and that is practically every one who works, — though he may not own a tool or have a penny to his name. It rates a part of the man's being as "goods of the second order," the scientific name for working instruments; and it assigns to this part of the man a special "cost of production" that is distinct from the general outlay incurred in rearing him. It divides what he earns when he is completely produced into wages and interest, and causes the broad line that figures in distribution as separating labor from capital to run, not between men and outward things, but through the very personality of men.

It is at the beginning of the sixth book that our appreciation of the value of the work begins to vary inversely as our agreement with it. Admiring assent changes in the end to dissent that is no less appreciative. The author has made some modifications of the rent law, and here it is a much modified Ricardianism that expresses itself in his formulas. He has recognized as rent-yielding agents not only land, but a number of other things that give to some producers advantages over others, and has suggested a correction of the traditional theory that "rent is not an element in the cost of commodities."

Everything sells, as we have been told, for a price that pays for producing it on rentless and valueless land. The price of wheat pays for raising it on the land that was last taken into cultivation. This is the poorest of any in use and yields no rent to its owner. Wheat stands for all commodities, since

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land is used in the production of them all; and the price of each one of them must be such as to reward the men who are making it on land that is too poor to be paid for. The cost of the "marginal increment" of a commodity determines the selling price of the whole supply; and this cost resolves itself into wages and interest only. If a man has land that will enable him to produce the thing at a smaller outlay than that which is incurred in producing this marginal portion, he can pocket all that his good land saves to him, and still make his customers pay no more than they would have to do in any case, since they must always pay at the marginal rate. Rent is an income that costs the consuming public nothing. If a landlord were to refuse to take it, the buyers of products created on his land would get no benefit from his generosity. He might throw his rent into the sea, divide it among workmen as a bonus or give it to the state as an extra tax, and still the public would not feel any relief. The inexorable marginal increment would still make its appearance as the regulator of price. The value of Minnesota wheat would still be fixed in sterile New Hampshire or remote Saskatchewan.

Professor Marshall has qualified this doctrine by showing that the rent of land devoted to creating one product is an element in the cost of another product. What is paid for wheat land makes oats more expensive, since it is the wheat culture that seizes the best land and forces the oat culture to poorer soils. If men who wish to raise oats were not obliged to plant them on land that is too poor to produce wheat advantageously, they could raise oats at better advantage than they now do. The final increment of this grain would be produced on better land than can now be had for it, the marginal cost of oats would be lessened and the selling price would fall accordingly.

There may arise here a question of strict accuracy in the use of terms. Is it rent in the sense of a payment demanded for the use of land, or is it that high value of wheat which makes the payment possible, that really crowds the oat culture to inferior soils? The man who has hired the good land, whatever

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he might pay for it, would probably raise oats on some of the fields if wheat were not more valuable. The value of this grain leads him to select it, and what he gets by raising it enables the landlord to demand and get the existing rent. It is the preference directly given by the farmer to the wheat culture that displaces the oats. It is the man's desire for the larger gain that throws the cultivation of oats upon inferior soils and makes it more costly. If we say that the rent of the good soil has displaced the cultivation of the inferior grain, we must include under the term not only the payment demanded for land, but the anterior fact that makes the payment possible, namely, the value of the superior crop.

Now if the term rent be used in this comprehensive way, as meaning both a payment and the cause that lies just back of it, then the correction that the author makes in the traditional theoretical statement is a small beginning of what needs to be done. The *rent system* is a universal element in influencing prices. It may be thought that this fact is of no practical importance, since it is impossible to abolish the system; if rent must forever continue, the fact that prices are modified by the system that produces it may seem to be a useless bit of theoretical information. The rent principle, however, has an application that is far wider than any that has been given to it even by recent studies; and there is no understanding the laws of distribution without a complete analysis of the relation of the principle to prices. Agricultural rent is the simplest that we can study; and it is easy to see that the rent of a farm is gained in a way that entails a raising of the price of produce. If it were possible to destroy this rent by destroying the condition on which it depends, the price of produce would fall.

How shall we annihilate rent? By infusing into an imaginary landlord a generosity that will make him refuse to take his tenant's money? Such indeed is a supposition naïvely enough advanced by some writers in demonstrating the truth of the current formula. With half an eye one can see that this does not put rent out of existence, but simply makes it over to the tenant. The lessee presents himself with the identical sum

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in his hand that he has gained by means of a "differential advantage in production," the advantage, namely, that the good land gives to him. The landlord refuses to take the money and the tenant goes away rejoicing; the rent is his. Anticipate all this by the terms of the original lease, contract at the outset that the man may have the land for nothing, and it only affects the situation by giving the rent to him earlier. The marginal standard still fixes the price of wheat, and buyers care not who gets the benefit of the productiveness of lands within the margin. So long as rent exists, the question whether it goes to A or to B is a matter of indifference.

Let us make another attempt to destroy rent. Let generosity be contagious, and let these farmers whose landlords refuse to take their proffered money refuse in their turn to take the marginal or standard price for their produce. Is rent now annihilated? Clearly not. It has gone into the pockets of the lucky customers who happened to buy the produce of these particular farmers. Cause the farmers' generosity to take another form; impel them to ask the standard price for their produce, but to add to the wages of their men the amount that their good land saves to them; the rent is there still, easily discoverable in the laborers' pay. Let the state claim the differential gain as a tax; and now the rent has gone to the public and is discoverable in the heavier pockets of tax-payers. Not one supposition of them all has put the income from land out of existence. As not one of them has annihilated rent, not one of them serves in any way to test the question whether the existence of rent is an element in determining prices. The question at issue is not touched by the illustrations.

In a purely ideal way we may do this much toward annihilating rent: we may suppose a case in which no cultivator shall have any differential advantage over another by reason of the land that he uses. Even this supposition is grotesquely unreal, but it serves to test the relation of rent to price. The getting of an income from land depends upon the imposing of a restriction on the use of this agent. It is perhaps a bare physical possibility to destroy all the differential advantage over marginal

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producers that is now enjoyed by men who control good land. We can, in imagination, put men on an equality with each other in so far as land is concerned.

Let every man who wishes to share in the use of a productive farm have that privilege. Is not the earth the birthright of all? Are not the agitators correct who say that every man has an inalienable right to "use land without paying for it"? There is one way, and one only, by which such a privilege can be given to them. Let a public decree go forth that no human being shall keep another off from land that the other desires to use. Men will flock to the productive regions from every quarter. To every sectional division of this area all comers must be admitted. It will make strange changes in the system of tillage. To each square mile of land we will admit every applicant who presents himself, and divide the area into shares of such sizes as may be necessary. Each man may then have what he can raise. If on a particular square mile of rich and uniform prairie there are a hundred applicants for allotments, each of them will have six and four-tenths acres and live on their produce. If the nature of the soil and the character of the work do not admit of such separate allotments, we will seek another mode of accomplishing the end. We will then ordain that each section be worked co-operatively, under the supervision of a public officer, but will provide that every man who comes shall be received into the working company. As the entire supposition is ideal, we may introduce any condition that we please, whether it is practicable or not; and we shall have to ordain that each applicant for a place in the working company shall bind himself, under pain of forfeiting his share in the crops, to work honestly through the entire season. It is clear that all will come who can improve their condition by so doing. Men will flock to the fertile regions until the share of the produce that falls to each of them will no longer exceed in value what they can earn elsewhere. There will be an increase in the amount produced on good land, an abandoning of poor land, a raising of the margin of cultivation and a fall in the price of agricultural produce. Remove all

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restriction on the use of good land — let it be worked more and more intensively till its total crop only gives wages to the cultivators, and you destroy the power of land to yield a special income. You also depress the price of produce. The value of agricultural products is what it is, because of that restriction in the use of land that is the basis of rent. Such a change as we have supposed would be uneconomical. It would obviously reduce the general income of society; and it might be shown that it would even reduce wages.[1]

In the study of the rent of personal abilities, Professor Marshall reaches conclusions akin to those reached by President Francis A. Walker; but he does not accept the theory of our eminent American economist that the laborer is the residual claimant on the proceeds of social industry, and must in the end get the whole benefit from an increase in the product. He makes a study of "consumers' rent," or the clear gain that comes to men by buying for a little what is intrinsically worth much to them in the using. In spending his income a man buys first food, clothing and shelter, then simple comforts, and ultimately luxuries that minister to much less pressing desires. The last thing that he buys is something that it is barely worth while to purchase at all. If the price of it were a jot higher than it is, the sacrifice entailed in paying for it would exceed all the service that it can render. On the entire series of earlier purchases there is a personal profit realized. The bread sustains life for a day and costs a dime; and the necessaries

[1] In a sense there would be a rent realized by the men on the small allotments of our illustration, if they were at liberty to cease working their land after putting a limited amount of labor upon it; for the early increments of labor applied to a given area of land are more productive than later ones, and this extra product of early increments of labor is rent of a certain kind. Our assumption has precluded the existence of it, since we have supposed that the men know in advance that they must work their land faithfully through the season. They will then perform each separate part of the process of tillage in that laborious way that prevents any one increment of labor from being especially profitable. They will spade the ground, perhaps, instead of ploughing it; and if they do so, this early increment of labor will not be more productive than others. The terms of the illustration are of course unnatural, and are designed to show how prices would be affected if the supposed conditions were the actual ones. We thus perceive how the present natural conditions affect prices.

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and comforts that follow bread in the series do so much for the man that he would have them though their cost were many times what it is. The personal gain that comes from buying things of which the cost falls short of measuring the service that they render to the user is the "consumers' rent" of Professor Marshall's discussion.

Here, then, is another and a highly interesting extension of the term rent. It still designates a differential gain; but this no longer comes through a saving of outlay in production and it is no longer measurable in money. It is an effect on the man's own sensibilities — a differential personal gratification, arising from the fact that he buys with a part of his income something that he needs more than he does another thing which in the end he is induced to buy at the same price. Now if this farther enlargement of the application of the rent principle be made, there arises again the necessity of completing an analysis that the author has begun; for closely connected with consumers' rent and based on the same principle in its reversed mode of operating, is a personal gain of another kind. It has not yet figured in economic discussion, though it is suggested by a fact to which Professor F. H. Giddings has recently called attention in his study of the basis of interest. This fact is the increasing strain entailed on a laborer by the prolonging of his daily working hours. The first two or three hours cost the man only a slight real sacrifice; the following hours cost more, and the last hour is so wearying that the wage that it earns barely offsets the sacrifice involved. If it rests with the man to stop when he will, he will end his working day at just the point where the strain of farther effort would more than offset the extra wage that would be paid for it. Now if this final or marginal hour of daily labor is a no-profit hour, if the weariness of it just balances the wage that it earns, then it is clear that all the earlier hours afford a net gain to the worker. The first hour of work costs practically nothing, and its wage equals if it does not exceed that of the last. The personal gain that comes to a man by reason of the fact that he is paid at the standard rate for work that is below

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the marginal standard in the sacrifice that it entails, may be termed laborers' subjective rent.

Effort, however, is not the only personal sacrifice entailed by production. Recent studies have revealed the nature of that sacrifice, resulting from deferred enjoyment, which falls on the men who save a part of their income and convert it into capital. Abstinence or waiting is a wealth-creating function; and this, with labor itself, constitutes the dual sacrifice entailed by production. Now it is a fact to which attention has never been called, that the succession of personal sacrifices involved in abstaining or waiting, for the purpose of creating capital, arrange themselves in a series of increasing intensity, which accurately corresponds with the succession of acts of labor. Each act of deferred enjoyment, like each physical effort in a working day, costs the man more than the one that preceded it. Abstaining or waiting stops at the point where what it secures to the man who is accumulating capital just offsets what it costs him in the way of diminished present pleasure. Now as the final increment of waiting, the most onerous in the series, is barely remunerative, the earlier increments must afford a personal gain. The man is better off for the foregoing of a luxury that he may have a bit of capital; the foregoing of a comfort may not profit him anything. There is a rent realized on the early increments of waiting, as there is on the early increments of working. If we give it a name, it must be called abstinence rent, or something signifying the special personal gain accruing from the less onerous portion of that waiting or abstaining that results in the creation of capital. This special gain, taken together with that realized from the less onerous hours of labor, may be said to constitute producers' subjective rent, which is the counterpart and complement of the consumers' rent that Professor Marshall has, with excellent results, introduced into the discussion. Consumers' and producers' rents together constitute all such gains that are personal or subjective. They arise, respectively, through the consuming of something that, in the man's own psychology, is rated above its cost, or, on the other hand, in the producing of something at

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a sacrifice that by the man personally is rated lower than what it secures. The subjective rent of producers and consumers is an economic element never yet fully analyzed. It is the counterpart of that objective rent, or income measurable in money, that has figured in economic discussion.[1]

Is this entire analysis of the various subjective rents a mere logical subtlety? We shall quickly learn the contrary if we attempt to push to completion the analysis of the law of distribution. In that law the relation of rent of every kind to price is central; the subjective varieties are related to it in as important a way as are the objective.

There is a quasi-rent, according to Professor Marshall, consisting of the earnings of artificial instruments under certain conditions. A cotton mill, when the goods made in it are scarce and dear, commands a quasi-rent during the interval before new machinery can be started. An old and antiquated mill commands a quasi-rent as long as it runs at all. Instruments of production like the latter are, indeed, much like books out of print; the supply of them is as strictly limited as that of land, and the income from them is more nearly like the earnings of land than is the income transiently derived from things

[1] It may be thought that consumers' rent and producers' personal rent are the same thing regarded from opposite sides; and there is one mode of analysis that would actually make them so. The true cost of anything is always personal sacrifice, rather than the money spent. When a man gets a thing at a small personal cost he thereby incurs a sacrifice in the way of effort or waiting that is richly rewarded. The consumers' rent of the thing purchased is apparently identical with the producers' rent of the labor and abstinence incurred. A more accurate analysis, however, makes these two gains to be distinct and complementary parts of one whole, namely, subjective rent. In measuring both of the gains we need to apply a certain standard of measurement, which, even in this hasty study, it is worth our while to notice. In spending his income a man buys first what is of the highest importance, then what is less needed and finally what is barely worth its cost. Now the last thing the man buys is in reality secured by the last and costliest increment of personal sacrifice that he makes. If he works only an hour in a day, he will buy bread with the proceeds. If he works a second hour, he will buy clothing and other necessaries. With the proceeds of the added hours he buys what is less and less needed, till, with the wage of the tenth hour of each working day, he is supplying himself with the highest luxuries that his manner of life allows. With prolonged effort rewards fall and sacrifices rise, and the burden entailed by the most onerous hour of work just offsets the gratification afforded by the least important article consumed. This point of equilibrium between sacrifices and gains is the point from

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of which the supply is simply behindhand in time. Yet in either of the two cases the supply of a factor of production is "limited and incapable of much increase in any given period of time," and therefore the earnings of it are rent during that period. If the whole life of the instrument be taken into account, then what it can earn during the rent-yielding periods will, as added to its other earnings, make a sum total that is the interest on the money invested in it when it was made. All the sums that a mill ever earns constitute the grand total that is interest on its cost. When once a machine is antiquated its earnings are independent of its cost. It never will be duplicated; and for economic purposes the effect is the same as if it never could be. The Ricardian formula gauges its annual earnings; and the capitalization of its annual earnings, if allowance be made for depreciation, constitutes its selling price. From now on the machine earns rent only. Yet the forward glance of the man who built it took in this period of its latter-day activity. The builder knew that it would in time be superseded and that it would earn a certain rent thereafter. He counted on this rent as a part of the return for his investment. This is a part of the inducement that called the thing into existence.

The author's conclusion is that a sum that is rent during a short period may be interest during a long one. To this we may add that what is rent in one relation may be interest in another. Let us separate the two relations clearly in the case of the antiquated machinery, by supposing that the rent receiver is not the builder, but another person. The first owner built

which to measure the two kinds of subjective rent. Gain and sacrifice are at this point equivalent quantities. The consumers' rent of bread is represented by its "subjective utility" as compared with the subjective "disutility" of the final increment of labor. It is the difference between the service rendered by the bread and the sacrifice that the last luxury costs. Producers' rent, in this case, is computed by comparing effort at the initial point with gain at the point of equilibrium, that is, by comparing the small sacrifice entailed by the first hour of labor with the service rendered by the article secured by the final hour. The personal cost of the first working hour is rated below the gain that comes from the last. The two rents together measure the entire personal gain coming to the worker from his industry. The increasing of this twofold subjective rent is the comprehensive aim of economic progress.

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the machines intending to sell them for whatever the market might yield as soon as they should be superseded by better ones. What will he get for them? The capitalized value of their net annual earnings. To the man who now buys them they pay interest on his investment, for the same reason for which land pays interest on its market price, namely, that the selling price of the instrument conforms to the earnings themselves. Land pays a rent that is gauged by the Ricardian formula; but it also pays interest on the purchase money, and so does antiquated machinery. Must we here again make a conclusion general that is now partial? All rent becomes interest to the man who has bought the agent that yields the income. Will this proposition bear reversing? Is there any relation in which all interest becomes rent? Are the earnings of all invested capital in reality a differential gain, the amount of which can be gauged by the Ricardian formula? That such is the fact is unquestionable.

We must, of course, throw aside the popular meaning of the term rent, namely, a sum paid by one person to another as hire for the use of something, whether it be a house, a machine, a farm or anything else that is let for a periodical payment. We mean a return that is realized by a producer and that is differential, in the sense of being an excess over that standard return that is realized by the men who create the final increment of the thing produced. The type of it is the special gain that comes to tillers of good land. This is indeed an excess over what comes to tillers of poor land; but what is even more important is, that the gain from each of the earlier increments of labor expended on the good land itself affords a surplus as compared with the return from the last increment of labor expended on that same land. This surplus product of agriculture is the most useful type of general rent, or differential gain; but it is only as a type that it is useful. If the special product of land be treated as the only true rent, and if land be thereby separated from other productive instruments, then the principle becomes a barrier against the attainment of a general law of distribution. Identify land with other instruments, as embodying one general

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fund of invested wealth, and you may apply the Ricardian principle to the income from all of it. The return from invested wealth, or the interest of capital in the abstract sense of the term, is, as we have said, a differential gain as truly as is the special return from labor applied to good land. Even this does not end the new applications of the rent principle that need to be made. There remains one more application of it so far-reaching that we can barely indicate it in this paper, leaving the full statement and proof of it for future presentation. If clearly apprehended, the principle of differential gain will be seen governing the entire *static* income of society, or the entire amount earned by capital on the one hand and by labor on the other under conditions regarded as stationary. As interest is the rent of a pure fund of invested capital, so wages are the rent of a corresponding fund of labor force; and both are as amenable to the Ricardian law as is the income derived from a fertile farm.

For a study of the static income of society we must take the invested wealth existing at a single instant of time, as a fixed amount expressible in dollars. We must conceive of it as business men conceive of it, abstractly, as a sum or fund of value in productive uses, without regard to the concrete things in which the fund is invested. Buildings, tools, materials, land, *etc.*, embody the capital of which we speak; but for the time being we disregard the nature of these concrete things, and treat the capital as a business man does when he puts it on his inventory as a certain number of dollars. It is a *quantum* of productive wealth. We treat labor in the same way. At one instant there is a fund of working energy available for productive uses. This *quantum* of human force is embodied in workers having many different aptitudes. The things that the men do are concrete; actual labor consists in ploughing, spinning, writing, *etc.*; but we now disregard the concrete acts of labor as we do the concrete forms of capital, and consider only the social fund of working energy, in whatever way it may actually be exercised. What I have elsewhere termed pure capital and pure labor force, as distinct from particular instruments and particular

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acts, is the subject of our present study. The earnings of these funds constitute in each case a differential gain like the product of land.

The last man that is set working on a farm just earns his wages; every earlier man produces a surplus, and the sum of these surplus amounts is the rent of the field. For a field substitute a fund of invested capital. Take a small and isolated community as a type and give to it a productive fund of a hundred thousand dollars. Concerning the forms in which this amount is invested we now care only to know that land is one of them, and that all are adapted to the needs of the working force, be that force large or small. If there were but a single worker in this rich environment, the product of his labor would be enormous. If there were two, the product per capita would be less; and if there were ten, the per capita yield would be still less. Add one after another units of what we have termed pure working energy, till a hundred men of average power constitute the company. The last man will earn wages only, like the last man on the fertile field; while every earlier man will create wages and a surplus. These surplus amounts are in all respects like the surplus products of the earlier workers on the fertile farm, and the sum total of them is as truly the rent of the pure fund of a hundred thousand dollars as the sum of the corresponding agricultural surpluses is the rent of the farm. They are the differential gains of the earlier increments of labor energy applied to the fixed amount of pure capital.

It is to the working environment as a whole, not to land only, that human power is applied; and the total wealth embodied in that environment is one great rent producer. It would be *the* one general rent producer were it not for the fact that the fund of labor energy itself is amenable to the same law. In our entire demonstration we may substitute the term labor for capital, and *vice versa*, and the reasoning will remain true. Let the working force of the isolated community be constantly equal to that of a hundred average men, and let capital be introduced unit after unit. We might, in imagination, strand the men on a bare rock in the sea and give to them first a little

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loam, a seed or two and a pool of water, and then more loam and a series of working instruments. For the present, however, we need to forget the particular forms of the invested fund, and to remember only the fact that, as the fund increases in amount, it adapts itself in quality to the needs of those who are to use it. Give to the men, then, one unit of capital, and it will be marvellously productive. Give them two, and the product per unit will be less. Give them a hundred units, and the last one will earn normal interest without a surplus. A succession of units of pure capital used by a fixed labor force is subject to the same law of diminishing returns as is the succession of units of labor in the former illustration. Increase the number of men in an environment of a given extent and richness, and each comer will create less than his predecessors. Increase in like manner the amount of pure capital used by a fixed labor force, and each unit added to the fund will produce less than its predecessors. The last unit will produce interest only; each earlier unit will produce interest and a surplus, and the sum of all these surpluses is the rent of the fund of working energy, which figures as total wages.

A fact that needs emphasizing in connection with capital is its tendency to adapt itself in form to the needs of the men who are to use it. The concrete things that embody the fund do not remain the same. They change daily and hourly. Put a hundred thousand dollars into a business venture, and at the end of a year it may be that not one of the concrete things that are yours at the beginning will still be found in your possession; but the hundred thousand dollars will be there still. They will have changed their form of embodiment. For once that capital is thought and spoken of in real life as consisting in particular concrete things, it is ten times referred to as a sum, a fund, a value or quantity of wealth in the abstract; and the quintessence of this common and essential view of capital lies in the transmutation of outward form that the invested sum is constantly undergoing. Pure capital, as we may term it, is a sum invested in nothing in particular; qualitative change is the life of it. The money that you put into successful business

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must pass continually from one thing into another if it is to come back to you again; and each form that it takes corresponds for the time being to your needs.

Now it is absurd to suppose that Professor Marshall is unaware of this practical fact; but it is certain that he has neglected to utilize it at the point in his work at which it is absolutely needed. In the study of the law of wages and interest, — the law that is central in distribution and that transcends every other economic principle in importance, — he has reached a conclusion that is demonstrably incorrect, by ascertaining what is true of particular instruments of production, and then affirming it as true of capital in general, that can take the form of any instrument.

At the basis of the author's theory of wages and interest lies what he has termed the "law of substitution."

> It is to be taken for granted that as far as the knowledge and business enterprise of the producers reaches, they will in each case choose those factors of production which are best for their purpose. The sum of the supply prices of those factors which are used is, as a rule, less than the sum of the supply prices of any other set of factors which could be substituted for them. Whenever it appears to the producers that this is not the case, they will, as a rule, set to work to substitute the less expensive method. We may call this, for convenience of reference, The Law of Substitution.

The things here considered are not commodities for final use, but instruments of production. Of two that are equally efficient a producer will select the cheaper; and when the selection has been made, if a change takes place in their relative costliness or their relative efficiency, the one that thereafter does the best work for the money invested in it will substitute itself for the one that was first taken. A new productive agent may appear on the scene and displace all the old ones by its still greater cheapness. Electricity may substitute itself for steam or horse power. Aluminium may become cheap enough to supplant steel for many uses, as steel has already driven out iron, and iron, wood. The use of light and strong metals may cause bridges to supplant steam ferries, as these have displaced still

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clumsier conveyances. The substitutes in each case render a given amount of productive service at a reduced cost. The law is essentially that of competition in its overt manifestation; it is that part of the competitive law that produces changes; and it is capable of being applied not only to instruments of production, but to commodities for final use. A few pages later in the treatise the author hints at exactly this use of the principle, in speaking of rival commodities such as beef and mutton. A cheaper or better commodity for final consumption may displace a dearer or worse one. If it were thus comprehensively applied, the principle would become a law of competitive dynamics.

Now in the determining of wages and interest this law of substitution is applied; but the subjects of it are not merely such concrete aids to production as iron, steel and aluminium, nor such consumers' goods as beef and mutton. A highly heterogeneous list of economic entities is presented; to each of the things in the list there is assigned a cost of production, and then the dynamic law is made to put the one that becomes relatively cheap into the place formerly occupied by another. This is the basis of the author's law of wages and interest. He starts with the assumption that each class of laborers has a standard of living to which it firmly adheres. It is able to secure the wages that are needed to maintain the standard by changing its own natural rate of increase. The number of men in the class falls off when wages fall below the rate required to maintain the standard. A corresponding assumption is made concerning capital. There is "a natural rate of interest to which the supply of capital steadily and quickly adjusts itself, increasing rapidly whenever the rate of interest is above this level and shrinking again whenever it falls below this level."

Is, then, the problem of distribution solved? Do workmen get what they are determined to have by adopting or inheriting a standard of living and adhering to it? Do they force wages into conformity to this standard through the control that they exercise over their own rate of increase? Do capitalists exercise a similar control over the rate of interest? The actual conditions that control the rate of increase of population are the

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subject of the most important and intricate inductive study that economists have now before them. Complex and imperfectly known are the influences that govern the rate at which men multiply. Assumption has here no field. We may soon know what must happen *if* men increase in number at a certain relative rate; but it will be some time before we can get an approximate knowledge of what governs the rate. To assume a law of increase at the beginning of a study of distribution is to reverse the true order of investigation and to do what Professor Marshall has elsewhere been careful not to do, namely, to trust an assumption where facts are needed.

After this assuming of a law of population, it only remains to discover by what mechanism a lessening of the supply of labor or of capital will increase the earnings of the agent so affected, and how an increase in the supply will reduce those earnings. The law of substitution is made to reveal this mechanism. There are certain normal amounts of all factors in production that should be in existence together. For the moment let us forget what the factors actually are, and name them by symbols, factor A, factor B, *etc.* Whatever the specific things may be that bring wealth into existence, competitive law assigns to each of them a normal quantity.

> The tendency of every one to select the best means for attaining his own ends (or, in more technical phrase, the operation of the Law of Substitution), acting gradually but constantly under almost stationary conditions, would then have caused each several kind of labor or machinery or other agent of production to be used for each several purpose until its further use there was no longer remunerative. [Page 556.]

Or, in terms of the formula that we have suggested, if there were too much of the productive factor A, then factor B would be more efficient in proportion to its cost, and would drive out of use the excessive supply of A. The extra A's would in the interim work awkwardly, doing that for which they are less fitted than are B's. To use a crude illustration, if there were too many sledge hammers, some of them would be used for splitting wood, for which axes are preferable. The sharper tool would

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then suppress the excessive production of hammers, and the normal quantitative balance between the two agents would be restored. So long as this principle is applied to concrete but undefined agents such as we have termed A, B, C, *etc.*, or to instruments like axes, saws and hammers, no fault whatever is to be found with it. Up to this point the study is a very useful one. With the application that is at once made of the principle we must take radical issue.

> Other things being equal, the larger the supply of any agent of production, the farther will it have to push its way into uses for which it is not specially fitted, the lower will be the demand price with which it will have to be contented in those uses in which its employment is on the verge or margin of not being found profitable; and in so far as competition equalizes the price that it gets in all uses, this price will be its price for all uses. . . . For instance, if without any other change capital increases fast, the rate of interest must fall; if without any other change the number of those ready to do any kind of labor increases, their wages must fall.

We now know what really constitutes the author's list of productive agents. They are hammers, axes, *etc.*, with blacksmiths, wood-cutters, *etc.*, and also capital in general and labor in general. Capital in general and labor in general are, then, subject to this law of substitution. The list of unnamed agents that for our purposes we called A, B, C, *etc.* includes not only saws, spades and axes, but productive wealth in undetermined forms. It includes not only carpenters, gardeners and woodcutters, but the general fund of productive energy that society possesses and can turn in any direction.

Now one thing that is certainly true of the general fund of productive wealth is that it cannot be subject to the law of substitution. Pure capital would be the one thing to which that principle cannot apply, were it not true that the corresponding fund of pure labor energy is equally unamenable to it. Capital in one form may crowd into a sphere in which another form is better. The surplus hammers may usurp the axes' function, and be properly displaced in time by the implement that is better adapted to the work; but is pure capital badly adapted

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to work in any place to which it naturally goes? Has it, like hammers, limitations that keep it in any particular occupation? Pure capital is essentially wealth that is ready to go anywhere and to do anything that is productive. Indeterminateness of form is the essence of it. It is an axe where that is needed and a hammer where that is preferable. It is a loom, a steam engine, a dynamo, a steamship, a railroad, an irrigating canal or whatever will best assist social labor. Will it ever naturally thrust itself into places where it must work awkwardly and in due time give place to labor? Not if the keenest exercise of human wit can prevent it. Society entrusts the guidance of its operations to entrepreneurs, or "undertakers," as Professor Marshall has well called them; and the fortunes of these men are staked on the success of their efforts to place capital where it will work well, aid labor and, so far from displacing the human agent of production, afford to that agent an enriched and enlarged field of activity.

Let us make a case that is simple enough to test the effect of an increase of pure capital. Let us divide working society into groups, and suppose that each group caters to an equally expansive want. We can double product A, product B, *etc.*, and the increments will in all cases be equally desired by consumers. Let us further suppose that putting more capital into the instruments used by each group, in a uniform proportion, will increase the product uniformly. What now would be the meaning of an increase of pure capital? It would mean a symmetrical addition to working appliances all along the line and a symmetrical increase of products. No labor would be displaced, all labor would be more efficiently aided, and everybody would have more of what he wants for use. Instead of a displacement of labor by new capital, there would be a state in which every worker would be more in demand than before. We have simply lengthened every man's lever. We have uniformly enlarged the workers' products and enjoyments.

Is the conclusion vitiated by the fact that in real life products do not cater to equally expansive wants? We cannot advantageously multiply food products as we can luxuries; and if

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we are to increase in a wise way the products of society, we must do it unsymmetrically, and we must incidentally transfer some laborers from their own working groups to others. We lure men from one place to another; but labor in general we certainly do not supplant.

Is the conclusion again vitiated because some working groups cannot use new capital at as good advantage as others? This fact means that in order to utilize a general increase of the fund we must distribute it unsymmetrically; and this will call for a somewhat further relocation of labor. In working group number one there may be fewer workers after the influx of pure capital; but if in group number two there are many more, it is clear that the influx of productive wealth means no trenching on the general field of labor. There is no risk in affirming that if the number of workers were to remain as it is to-day, and if pure capital were to be doubled in each decade, it would never trench on the general field of labor, but would enlarge that field and make workers every year more needed and better paid. The ingenuity of the undertakers would transmute the inflowing wealth into the forms that would aid general labor most efficiently. The law of substitution applies to hammers, looms, engines, canals, *etc.*, but not to wealth that may be transmuted into any form. It applies in like manner to smiths, weavers, engineers, boatmen, *etc.*, but not to a fund of human energy ready to perform any service that may be needed. Lengthen as you will the lever in the hand of general labor; you will never supplant the hand that uses it.

By selecting for especial notice those passages in a great work that are either questionable or clearly incorrect, we should do injustice to the work, but for the fact that these identical passages will probably be as fruitful in scientific results as any in recent literature.

JOHN B. CLARK.

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CUNNINGHAM'S GROWTH OF ENGLISH INDUSTRY.[1]

ANY one who is acquainted with recent English political economy knows that for the last decade Mr. Cunningham has been the sturdy and even aggressive critic of the dominant abstract school, the advocate of a more historical or "empirical" study of social phenomena. In the years between the death of Cliffe Leslie and the appearance of Dr. Ingram's *History*, he stood almost alone in the English academic world in his open antagonism to the deductive method. And he did not confine himself to mere criticism: his *Growth of English Industry and Commerce* (1882) was the first attempt that had been made to trace the whole course of English economic development; while his monograph on *Usury* (1884), now unfortunately out of print, was the first serious discussion in England of one of the most important of mediæval conceptions. To the revival of economic studies which is now showing itself in England, Mr. Cunningham, both as a teacher at Cambridge and also through his books, has contributed in no small measure. To him, perhaps, more than to any one else is it due that the conception of the "relativity" of economic doctrine is at last beginning to find a place in current discussions.

The substantial volume now before us is the result of successive recastings and accretions incident to the preparation of a second edition of the book published nine years ago. The changes are so great that the work is practically a new one; and it presents itself as the first instalment of a great treatise, which will cover in a thorough and worthy fashion the whole field of English economic evolution. How sorely such a treatise is needed it is unnecessary to say; and it is to be hoped that Mr. Cunningham's patience will not flag before he has brought his work down to our own days.

One has but to turn over the pages of this first volume to be struck by the author's breadth of treatment. He attempts, and that with great success, to illustrate by his own example one of the main principles of the historical school, the interaction of social forces. Each of the books into which the volume is divided opens with a sketch of the political and social conditions of a given period; and after tracing the course of industrial and commercial affairs, each closes with an account

[1] *The Growth of English Industry and Commerce, during the Early and Middle Ages.* By William Cunningham, D.D. Cambridge: at the University Press, 1890. — 626 pp.

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of contemporary changes in economic opinion. The author is admirably fitted for the task by his own many-sidedness; and for dealing with the middle ages in particular, by his strong interest in mediæval theology and ecclesiology. Economists have been made out of classical tutors, mathematicians, lawyers and men of business; it is an agreeable change when one is made out of a theologian and casuist. I use the last term, it may not be amiss to add, in its original sense. The book displays, moreover, an extraordinarily extensive reading in all the modern literature that can in any way throw light on the subject, as well as a considerable study of original authorities, the fruits of which are to be found in the welcome appendix of hitherto unprinted documents. And Mr. Cunningham is not overcome by his wealth of learning; he handles it easily, and every page is bright with fresh suggestion. Whether we agree with him or not, his book is eminently one to make us think. I never go back to a page of Mr. Cunningham's writing without finding in it a new idea.

The only way to give an adequate notion of the book would be to furnish an abstract of its contents, together with a running commentary; but for this the volume is too full and my space too limited. If this review, therefore, confines itself chiefly to adverse criticism, the reason is, not that this will give at all a fair impression of the character of the treatise, but rather because it may thus be possible, in a comparatively narrow compass, to advance the discussion of a few of the important points still at issue. But before turning to this less agreeable duty, let me call attention to some of those parts of the volume which display Mr. Cunningham's strength. First and foremost stand all the sections occupied with the explanation of mediæval economic doctrine. We cannot be too thankful for these; for although Mr. Cunningham had been anticipated by a few pregnant pages of Knies, yet ordinary English students do not read Knies; and Mr. Cunningham brings to his exposition a sympathy for mediæval modes of thought in ethics and theology which is hardly to be found in his master. Then again the sections on commerce are admirably complete; and a distinct addition to knowledge is made by the proof that mercantilism can be traced as far back as the reign of Richard II. The common idea of historical essayists is, of course, that the policy of every government down to the time of Adam Smith was identical, and always equally mistaken. Readers, indeed, of Ochenkowski's useful little book were aware that the ideas which governed, *e.g.*, the early legislation as to currency, were essentially different from those of the seventeenth century. What remained was to discover the point of transition; and this Mr. Cunningham has now done. I must not forget to add that our author shows excellently well the vast importance of the action of Parliament, and especially

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of the legislation of Edward I, in creating a national economy out of a network of communal economies. Another direction also in which Mr. Cunningham has done much-needed service is in criticising the theory, popularized by socialistic literature and now not infrequently accepted as a fact, that the fifteenth century was "the golden age of the English laborer." This was first enunciated by the late Professor Thorold Rogers; and, like many other of his utterances, it witnesses to his pleasure in strong effects of light and shade. Mr. Cunningham now shows that it rests altogether on the assumption that employment was regular — an assumption which there is much to disprove.

And now, with an easier conscience, I may turn to questioning. Mr. Cunningham is not content to begin his account of English society with the eleventh century, from which point we have abundant evidence; he essays the more difficult task of describing the condition of the English at the date of their conquest of Britain, and the nature of the changes which took place in succeeding centuries. When he wrote his earlier sketch, English historical students were still under the spell of Maurer and Nasse and Maine: they all believed devoutly in the primitive Teutonic freeman and the mark, or free village community. Since then, however, Mr. Seebohm has arisen; and those who, like Mr. Cunningham, cling to the original free community feel it necessary to assume the defensive (pages 102–108). Accordingly Mr. Cunningham takes up this position: *assuming* that there were originally free communities, it is possible to point out various ways in which they *may conceivably* have been degraded into manors. He seems, moreover, to suppose that Maurer's authority may still be accepted so far as Germany is concerned, since he speaks of the "temptation to adopt for England what has been *worked out* for Germany" (page 45, note). I will not discuss the arguments he adduces to show the probability of a manorial development, though I venture to think they are somewhat unsubstantial. What I want to point out is, that since the appearance of Fustel de Coulanges' *Recherches* in 1885, it is no longer possible to believe that Maurer has proved his case even so far as Germany is concerned. That changes the scientific situation. Looking at the mass of evidence presented for the whole of western Europe by Coulanges and Mr. Seebohm, antecedent probability is now on the side of those who maintain a continuity of the Roman agricultural system. The burden of proof lies henceforth on those who believe in the free village community. Those who think that from the earliest of the middle ages the bulk of the rural population were in a dependent or semi-servile condition can show ground enough for their conviction; what those who are not convinced by this evidence have to do is to present, not a hypothetical construction, but some definite evidence. Accordingly I cannot help thinking that

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the greater part of Book I is of a transitional character; and that in ten years' time, if not before, Mr. Cunningham may see his way to re-writing it. Much that he tells us in it of *extensive* and *intensive* culture and the like is of value; but even the undisputed facts will of necessity assume a different appearance when looked at from another point of view. And Mr. Cunningham himself seems to recognize that the current of investigation is setting in a different direction, to judge from a sentence which occurs towards the end of the volume and which was probably written later than Book I: "The doctrine which traces common rights back to a time of primitive freedom seems every day to be becoming less tenable" (page 474).

Compared with this, all other objections to Mr. Cunningham's treatment of his theme are altogether secondary. And yet it may be worth while to dwell upon one or two additional points. Brentano, it is very well known, gave an impressive account of the struggle which, as he supposed, took place in England between the craft guilds and the old burghers, united in merchant guilds. For years he was servilely followed by every one who wrote upon the subject; with the not unnatural consequence that when Professor Ochenkowski, Mr. Cunningham and Mr. Gross came themselves to examine the evidence, they seized upon Brentano's obvious exaggerations and scouted his whole teaching. The present writer ventured to point out that there was at any rate some reason for believing that the relations between merchant and craft guilds even in England were not altogether happy. As to this I may have an opportunity of saying something in a future number of the POLITICAL SCIENCE QUARTERLY. Here it will be enough to criticise the explanation which Mr. Cunningham makes (pages 176–182) of the undoubted fact that in certain towns the weavers were oppressed. He declares (1) that "there was a large immigration of artisans which began soon after the conquest"; (2) that the exceptional position of these foreigners, who "were not at scot and lot with the other inhabitants," sufficiently explains any disabilities to which the weavers (whom he supposes to have all been foreigners, or of foreign descent) were subjected. This second contention is sufficiently improbable; but let us here content ourselves with asking the prior question: what are the grounds for holding that there was a large immigration of craftsmen?

If we look at the various pieces of evidence which Mr. Cunningham adduces, it will be plain, I think, that he has put his theory into them, instead of getting it out of them. First, as to artisans in general. "Domesday Book gives us ample evidence as to the existence of artisans of French or foreign birth"; and we are referred to the cases of Shrewsbury, Norwich and Cambridge. But in the Shrewsbury and Norwich cases the entry is "*Francigenae burgenses*," and in Cambridge

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it is simply "*Francigenae.*" Of course these may have been craftsmen, but there is no proof that they were; and there are some reasons for thinking they were not. It may be noticed that Mr. Gross, whose authority Mr. Cunningham justly regards as very high, seems to find no difficulty in connecting them with trade and in associating them with the rise of the guild merchant.[1] As to *weavers* in particular, Mr. Cunningham tells us that a number of Flemings, driven by inundations in their own country, came to England under the protection of Queen Matilda; that they did not get on well with their English neighbors in the places where they settled; and that Henry I accordingly transported them to Pembrokeshire. His authority is Giraldus Cambrensis, who does certainly say of these Flemings that they were "gens lanificiis usitatissima." But let us look at the contest. The whole passage is as follows:

> Erat autem gens haec originem a Flandria ducens, ab Anglorum rege Henrico primo ad hos fines inhabitandum transmissa. Gens fortis et robusta, continuoque belli conflictu gens Kambrensibus inimicissima; gens, inquam, lanificiis gens mercimoniis usitatissima, quocunque labore sive periculo terra marique lucrum quaerere gens pervalida: *vicissim loco et tempore nunc ad aratrum nunc ad arma gens promptissima.* [Book I, chap. xi.]

Now, looking at this passage without prepossessions, I think one would remark, first, that the whole passage is rhetorical, and that no very great stress can be laid on any one word of it; secondly, that Giraldus is chiefly bent on drawing a contrast between the thrifty Fleming and the restless unpractical Welshman (see the references under *Cambrenses* in the index of the last volume); and thirdly, that the general impression he wishes to give is that these Flemings were able to turn their hands to anything. Certainly it does not seem that the phrase of Giraldus is sufficient to support the supposition that these Flemings included among them a considerable number of craftsmen with whom weaving was the main occupation. We never hear afterwards of any woollen manufactures in that district; which makes it seem likely that there never were any. And it may be remarked finally that even if there had been some weavers among them, they were too far away from the rest of England to be able to exercise much influence over the growth of its manufactures. But whatever may be our opinion as to this, it would certainly seem unsafe to build upon Giraldus' one word any very positive conclusion, especially when this conclusion lands one in a position which is hardly reconcilable with some of the larger facts of English social history. Thus this idea that there was a great swarming-over of craftsmen to England soon after the conquest leads Mr. Cunningham to treat of the craft guilds long before he touches the merchant guilds. But the move-

[1] *Gild Merchant*, vol. i, p. 4 and note 3.

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ment which brought about the creation of merchant associations certainly preceded by more than half a century that which led to associations of crafts.

This will be a convenient place to make a correction in Mr. Cunningham's account of some of the later stages of the history of the craft guilds. Professor Thorold Rogers was fond of asserting in the most vigorous language that the scoundrelly ministers of Edward VI, by confiscating the funds of the craft guilds, "which were the friendly societies of the middle ages," did much to produce the destitution which had to be remedied by the poor law. When a great authority makes an assertion over and over again with an air of absolute certainty, even his most cautious readers get to believe that "there must be something in it." This is curiously illustrated by the book before us; for Mr. Cunningham was bold enough, years ago, to challenge some of Professor Rogers' pet beliefs, and was answered with unmeasured objurgation. Even in this instance, Mr. Cunningham has looked up the statute of Edward VI, and has found that "corporations, guilds, fraternities, companies and fellowships of mysteries or crafts" were expressly exempted from confiscation. This ought, one would have thought, to have settled the matter; for however violent may have been the government of Edward VI, it was not in the habit of openly setting statutes at defiance. But in spite of this the pressure of Mr. Rogers' authoritative dictum was too great to be resisted, and Mr. Cunningham yields himself a prey. I may speak the more freely on this point, because I have been guilty of the same weakness. Notwithstanding the exemption in the act, Mr. Cunningham "doubts whether any large number of craft guilds actually survived"; he concludes that "generally speaking, they received their death blow in 1547," and does not hesitate to speak of them as "abolished" (page 465 and note) and "destroyed." He seeks to confirm this conclusion with some independent arguments:

(1) The act 2 and 3 Ed. VI, c. 15, § 3, "provided that artisans might work where they pleased . . . and the exclusive privileges of local craft guilds were thus set aside." But the act only applied to laborers in the *building trades;* and even this was repealed next year (3 and 4 Ed. VI, c. 20).

(2) He remarks in a footnote that wardens of guilds were not recognized for public duties after 1547 (the case of the London grocers in 1 Mary being exceptional); and he implies that this proves the destruction of the guild system. Now it was undoubtedly the policy of the Tudor government to bring the companies more closely under the supervision of the central authority, acting through the justices of the peace; but there is no evidence that the act of 1547 marked any very important step in that direction. Besides the wardens of the grocers, the masters

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and wardens of the "company of haberdashers," with the assistance of "one of the company of the cappers and another of the makers of hats" were given power to search premises by 8 Eliz. c. 11, § 3; and doubtless many similar cases could easily be found.

(3) The survival of guilds in Preston and Coventry is spoken of as exceptional. But without going outside the statute book we find the "company and occupation of worsted-makers within the city of Norwich" in 5 Eliz. c. 4, § 27; and in 8 Eliz. c. 7, we learn that at Shrewsbury "there hath been time out of mind of man, and yet is, a company, fraternity or guild of the art and mysterie of drapers, which said company . . . hath been by a great time lawfully incorporated and made a body politic."

(4) And finally, the continuance of the London guilds is explained on the ground that "they could not be dissolved unless provision was made for a new constitution for the government of the city." But the same argument would apply to some other places; an obvious example is York.[1]

Having thus shown that the additional arguments lend no weight to the main contention, let us look again at the act (1 Ed. VI, c. 14) and see what really took place. The act expressly says that out of the revenues of corporations, *etc.*, of mysteries or crafts, the king shall have vested in him *as rent charges* all sums of money hitherto payable "toward the finding, maintenance or sustentation of any priest, of any anniversary or obit, lamplight or lights or other like thing." The commissioners appointed by the government thereupon drew up a statement of the revenues of such guilds or fraternities and of the amount hitherto spent for the specified purposes, which amount they declared to be henceforward vested in the king. Thus in the case of the "Fraternity of St. John Baptist within the parish church of S. Ewens," Bristol, which was "a company of the craft of tailors," the commissioners reported that upon a chaplain and certain obits £5 10*s.* 4*d.* were annually spent, "whereunto the King's majesty is entitled as a rent charge out of the lands to the said fraternity belonging."[2] Precisely the same thing took place in London; the only difference was that the London companies were able, by paying lump sums down, to buy off the rent charges cheaply. As Strype says: "This was a great blow to the corporations of London; nor was there any other way for them but to purchase and buy off these rent charges, and get as good pennyworths as they could of the King."[3]

The conclusion of the whole matter then is this: there is no reason to believe that the act of Edward VI led to the disappearance of the

[1] Stubbs, Constitutional History, III, § 488. *Cf.* Newcastle, in Gross, II, 383.

[2] Transactions, Bristol and Gloucester Archæological Society, vol. viii.

[3] The details of the transaction will be found in the first volume of Herbert.

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guilds; there was absolutely no breach in continuity; and the lessening importance of the incorporations of trades in the sixteenth, seventeenth and eighteenth centuries was due primarily to economic causes, especially the appearance of new industries and the extension of "domestic" manufactures. The seizure of such portions of their revenue as were devoted to certain religious purposes doubtless in some measure diminished their importance; but it no more necessarily led to their disappearance than the similar legislation with regard to *confréries* in France in the sixteenth century led to the disappearance of the *jurandes*.[1]

While we are speaking of Mr. Rogers' influence upon our author, we may notice another trace of it in his account of the peasant rising of 1381. Mr. Rogers explained that rising as due to an attempt on the part of the lords of land to overturn the very general arrangement by which labor services were commuted for money payments. Mr. Cunningham sees that there were other reasons besides this, and refrains from definitely asserting that such an attempt was ever made; for like Mr. Rogers he can adduce no evidence for it. But yet he cannot help — quite unnecessarily, as it seems to me — stating it as a possibility. "There might be a more bitter sense of wrong in the case of those who . . . paid a money commutation for the whole or for any part of the actual services . . . if an attempt was made to go back from this custom" (page 357). There would be little danger in this suggestion, did not Mr. Cunningham proceed at once to build upon the possibility and find in it a key to the meaning of the revolt. "The difficulties of the manorial lords would be partially renewed with every subsequent visitation of the plague, and the pressure upon the villans to render actual service would become more severe until it at last resulted in the general outbreak."

The chief defect of this version of the circumstances is that it altogether fails to notice what is absolutely the most important fact among them, namely, that for some little while before the rising, villein tenants in many parts of the country on various pretexts refused to perform the services which they had been rendering hitherto, and even, as it would appear, to pay the customary rents. This strike on the part of the tenants is clearly indicated by the statute (1 Rich. II, c. 6) which Mr. Cunningham quotes; and, if it is urged that the statute is untrustworthy, there is unimpeachable evidence in Wyclif's tractate *Of Servants*

[1] Since writing the above, I have noticed a phrase in an act of 1554–55 which would seem to leave no possibility of doubt as to the survival of the craft guilds. Countrymen, it says, shall only be permitted to retail goods in corporate or market towns "when they shall be free of any the guilds and liberties of any the said cities, boroughs," *etc.* 1 and 2 P. and M. c. 7, § 3.

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and Lords.[1] It is surely possible to recognize the hardships in the lot of the mediæval peasant, and yet to acknowledge that on this occasion he assumed the aggressive.

How much more important it is to get our facts right than our sympathies is illustrated by another passage in Mr. Cunningham's work. In dealing with 1381 Mr. Cunningham gives more than justice to the peasants; when he comes to the evictions of the sixteenth century he gives less than justice. For he remarks:

> It seems not improbable that the lords had the peasantry entirely in their own power, and that, since they were technically liable for incidents of the nominal servitude into which they had returned since the failure in 1381, and *their lands were forfeited in law*, if not in equity. [Page 475.]

He refers for his authority to page 80 of the *Supplication of the Poor Commons* (Early English Text Society). But surely here Mr. Cunningham must have misread his notes; for what the passage says is that the new lords who had received grants of monastery lands tried to make the tenants believe that "by virtue of His Highness' sale all their former writings were void and of none effect." The passage has nothing whatever to do with any such non-fulfilment of obligations as Mr. Cunningham imagines.

One more criticism, this time as to the history of theory, and I have done. In his appendix, Mr. Cunningham reprints from Wolowski the whole of Oresme's treatise on money: and in a section devoted to the work (pages 320 *et seq.*) he praises it as "the first careful study of the reviving commercial life of Europe," and deems it especially "interesting as disputing the opinion attributed in the *opusculum* (*De Regimine Principum*) to Aquinas and showing that the prince has no right to make gain out of the coinage." Ever since Roscher discovered him, Oresme has had so insufferably virtuous a reputation as the first of mediæval writers who held "correct views" as to money, that sinful human nature could not support this last infliction of him, and he was looked up in Endemann. It was with a certain chuckling that Endemann's remarks were read, in his *Grundsätze*, page 75, and in the *Studien*, II, 188. There we are told that Oresme's "diatribe" is "neither a point of departure for later times, nor anything remarkable for his own." "All his propositions are derived from the jurists Azo and Accursius, the glossators and the commentators down to Bartolus and Baldus." "His ideas are essentially the same as those which Aquinas and many others after him had expressed." And Endemann sadly reflects that

[1] English Works, published by the Early English Text Society.

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the joy of a scholar like Roscher over the supposed discovery of Oresme only shows how entirely ignorant he is of the importance for economics of the elder juristic literature, — a fact which must not lead us to reproach him, but at any rate shows how much remains to be done in this direction.

I cannot profess to know much of Azo and Baldus; but it is easy to consult the *De Regimine Principum*. Its teaching is not altogether clear, but the main point seems to be this: the writer recognizes that the right of coinage belongs legally to the sovereign, but warns him to be "moderatus" in diminishing either the weight or the quality of the metal, "quia hoc cedit in detrimentum populi." He quotes *Proverbs* to show that changes in weights and measures are displeasing to God; and refers to the celebrated reply of Pope Innocent to the king of Aragon, who "graviter reprehenditur" for debasing the currency. Considering the amount of attention Mr. Cunningham elsewhere gives to the teaching of Aquinas, the holy doctor might with reason lament that he was wounded in the house of his friend.

Looking back now on these various criticisms and on the book as a whole, it may perhaps be said that the chief drawback to the work is its failure to emphasize the idea of development — of evolution — both in institutions and in ideas. Mr. Cunningham may reply that there has been too much vague reference to development; and that economic change is too complex to be traced in clear lines or summed up in generalizations. This may be. But a comparison of English experience with that of the other countries of western Europe will probably show that in the general course of social history there are certain features common to them all; that these features are more important than those wherein the various countries differ; and that their growth and modification depend upon larger forces than the peculiarities of any one nation, king or thinker. Yet I cannot conclude this notice without once more saying that this first volume of Mr. Cunningham's is after all a remarkable achievement; that it is full of sound learning and suggestive thought; and that it is indispensable to all future students of English economic history.

W. J. Ashley.

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REVIEWS.

A Short History of Anglo-Saxon Freedom. By JAMES K. HOSMER. New York, Charles Scribner's Sons, 1890. — 420 pp.

This book sets forth in somewhat pretentious form a theory of English and American history now very much in vogue. The theory is popular because it is democratic, not necessarily because it is based on facts. It gratifies the pride of the masses to be told that the current dogmas about popular sovereignty are primordial truths, to which we have returned after a deflection of the path of history from its *natural* course. This may be called the democratic philosophy of history. Among English writers it may be traced at least as far back as the seventeenth century. Its connection with the doctrine which then arose, of an original and approximately perfect natural state of human society, is obvious.

Like so many writers before him, Mr. Hosmer assumes that a folk-moot (later known as a parliament) is the only institution essential to the development of national freedom. He practically resolves the English constitution into a tax-granting assembly, which has developed out of certain local moots, and outlines the history of that body down to the present time. When he mentions the kingship, it is only to assign to it a temporary and subordinate influence, and that generally for evil. The idea of organic union or of co-operation between king and assembly scarcely appears. One would not gather from this book that the kings of the house of Wessex organized the Kingdom of England, that they formed most of the shires, that the Witenagemotes were composed for the most part of those whom they summoned. Scarcely an effort is made to describe the administrative system of the Norman monarchs, and to show how that contributed to the maintenance of English liberty. One would with difficulty infer from the text that the manorial system differed essentially from that of the village community; yet the manor was of royal and aristocratic origin, the lord deriving his authority from above. The language on page 45 would lead one to think that jury trial in its modern form became "a settled institution" in the reign of Henry II. Such, however, was far from the case. Into Magna Charta and the legislation of Edward I very much modern political philosophy is read. It is not true to say that the re-issue of the Charter in 1225 (the author has it 1218) established the prin-

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ciple that a redress of grievances must precede a grant to the crown. On page 81 it is said that the same principle was "established" under the Lancastrians. It was in the re-issue of 1216, not of 1218, that the clause restricting the right of taxation was omitted. That of 1225 was introduced by the words "Spontanea et bona voluntate nostra." Mr. Hosmer also says nothing about the saving clause which was introduced in the re-issue of 1217. These points are very important, for they with others render wholly untenable the statement which the author makes on page 61, that after 1297 there could "be no taxation without representation." One who seeks to state the facts of the case should not forget that the word tallage did not occur in the authentic version of the *Confirmatio Cartarum*, and that the kings continued to levy that form of tax without Parliamentary grant till 1340. It was not till the latter years of the fourteenth century that Parliament obtained the first recognition of its claim to grant indirect taxes. At the close of the middle age the Parliamentary control over finance was very imperfect, and it was not fully recognized till after the revolution of 1688.

If the author had consulted Stubbs with care, he would not have repeated (page 86) the statement of Freeman that the statute of 1429, restricting the county franchise, was "the most reactionary measure" ever passed by a Parliament. Gneist would have given him some additional light on the subject.

Did space permit, most serious exception could be taken to the view Mr. Hosmer presents of the policy of the Tudors. His statement (page 96) that "through the Reformation the crown had won a quite new and most independent position," is altogether too sweeping. The crown had merely perfected its ecclesiastical supremacy. During the entire middle age the kingship had been the centre of the constitution. It had created the House of Commons, as truly as it had the House of Lords.

In treating of the seventeenth century, why does Mr. Hosmer almost entirely omit reference to the religious question? The Puritans were not struggling so much for popular liberty, as they were for an opportunity to impose their religious and social ideals upon the English nation. Their religious views were the potent source of their ideas concerning government and constitutional reform.

On page 230 we have a repetition of the old idea, so flattering to Americans, that "popular freedom was probably saved to England" by the success of the American Revolution. That theory ignores the facts, (1) that George III was more popular after 1783 than before; (2) that after that date occurred some of his most notable interferences in public affairs; (3) that he was restrained solely by the firmness of Pitt, with whose accession to power American affairs had no direct connection; and

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(4) that the industrial revolution, together with the development of the press and of the art of political agitation, quite changed the face of English society.

Without mentioning other specific statements to which exception might be taken — and there are many — it remains to be said that this book and all others like it ignore to a large extent the idea of historic perspective and development. Even though, for example, the New England town-meeting could be proved to be the lineal descendant of the Saxon tungemote, the spirit animating the members of the two, their social environment, their ideas and aims would still be wholly different. These are the essential things; the other is the mere shell. The New Englander of to-day differs from his ancestor in Schleswig by the experiences and training of fifteen centuries. When an author tells us that the American colonist returned to the primitive forms and traditions of his own race, he imparts no *information* concerning him. The democracy of a primitive, semi-nomadic people is quite a different thing from the democracy of the nineteenth century, and in the name of historical science it is time to protest against the confounding of the two.

Finally, it would be well for Mr. Hosmer to observe that some contributions toward the progress of human freedom have been made by peoples whose native tongue is not English, and a recognition of their services would be becoming, even if it were not appreciated.

H. L. OSGOOD.

La République Américaine : États-Unis. By AUGUSTE CARLIER. Paris, Guillaumin & Cie, 1890. — 4 vols., 588, 619, 597, 652 pp.

This is a posthumous work. The author passed from earth some months before its appearance, and it was, in its last stages, conducted through the press by his friend Claudio Jannet, who has prefixed to the work a short biographical sketch of the author. What von Holst and Bryce have done for German and English readers of American public law and political science, M. Carlier has accomplished for French readers. This is certainly a moderate statement, since his work is the most comprehensive and exhaustive one in any language upon the public law and political institutions of the United States. M. Carlier has, indeed, neither the historical genius of von Holst nor the political genius of Bryce, but he possesses fair talents in both spheres.

His first volume is devoted to the history of the formation of the colonies, the War of Independence and the Confederation. He seems to have drawn his information in regard to these subjects chiefly from Bancroft, Hildreth and Palfrey. I must say, however, that I regard his view of the relationship of the colonies to the motherland and of the

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causes of their separation from the motherland as much more scientific, statesmanlike and lawyerlike than theirs. He never loses sight of the fact that the colonies were constitutionally and legally only local governments, created by and subject to the English home government; and he finds the causes of the revolution not so much in an exaggerated sense of grievances as in the natural reasons of geographical separation and ethnological divergencies. About the only things which I find to criticize in this part of his work are his undue praise of the religious liberality of the Catholic proprietors of Maryland — where the religious toleration was rather that of Protestant subjects towards a Catholic lord than that of a Catholic lord towards Protestant subjects — and his lack of appreciation of the Rhode Island idea of toleration. He considers the followers of Williams to have been irreligious rather than tolerant.

The second volume is devoted chiefly to the formation of the constitution of 1787 and the organization of the United States government under it. This volume contains also a very interesting study of our ethnological status. In his treatment of the origin of the Union the author proceeds from the states-rights point of view. He regards the United States as central government only. He simply reiterates the *ante-bellum* doctrine of our political science and public law, and certainly makes no advance in the theory of our system over that taught by Kent and Story. This is the most unsatisfactory part of the whole work.

The third and fourth volumes contain an exhaustive treatment of some subjects not dealt with so minutely by any of our own commentators upon our public law. Nearly the whole of the third volume is devoted to the commonwealth and local governments. Upon these subjects the author has manifested an extraordinary appreciation of our present conditions and relations. He regards the commonwealths no longer as local governments. He treats only of the municipalities under this title. He regards the commonwealth as a sort of middle instance between the general government and the municipalities. He does not go to the point of making the commonwealths parts of the general government, but he has evidently, unconsciously to himself, struck out upon this line. His states-rights view of the origin of the Union has preserved him against following this line of thought to its logical goal.

About one-third of the fourth volume is devoted to the judicial systems of the Union and the commonwealths, and the remainder to the Indian relations. It is in regard to this last topic that the author places us under greatest obligations. I do not recall any book in our own literature which presents so clearly, accurately and succinctly the cardinal points of this great subject. He deals with it not only legally, but also from the standpoints of history and sociology.

J. W. BURGESS.

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Makers of America: General Oglethorpe. By HENRY BRUCE. 297 pp. — *George Calvert and Cecilius Calvert, Barons Baltimore.* By WILLIAM HAND BROWNE. 181 pp. — *Alexander Hamilton.* By WILLIAM GRAHAM SUMNER, LL.D. 281 pp. — New York, Dodd, Mead & Co., 1890.

The number of biographical series now in process of publication suggests the thought that the supply may be found to exceed the demand. The reader who tries to keep abreast of the rapidly growing literature on the subject of American history finds a great deal of wearisome repetition, and wishes that some co-operative plan might be devised by which enlargement of the realm of knowledge should be secured with greater economy of effort.

The first of these volumes does not call for special mention. The reason is to be found in the character of the subject rather than in the method of treatment adopted by the authors. General Oglethorpe enjoyed in his time a great reputation and did an important work, but his life presents few materials worthy of special study. Mr. Bruce has written an entertaining biography of the founder of Georgia, but in order to do so he has been forced to fill his book with accounts of the men whom Oglethorpe knew. He has given few details concerning the founding of the colony or the wars which Oglethorpe carried on with the Spaniards.

The founders of Maryland afford little better material for the art of the biographer than does the colonizer of Georgia. All that was of peculiar interest in the careers of the first Barons Baltimore was connected with the settlement and early history of Maryland. The historian of the state and editor of its *Archives* has brought together within brief space the substance of what is known about the Calverts and their work of colonization. The most important part of his book is the discussion of the policy adopted in the colony concerning religion. His conclusion is that under the Proprietors "all forms of Christianity were allowed, all Christians stood on an equal footing, and all churches, chapels and ministers were supported by voluntary contributions." A clear account is given of the disturbances caused by the Puritans during the period of the Commonwealth. Maryland's case against Claiborne and Virginia is set in its proper light.

Alexander Hamilton played his part upon a larger stage than did Oglethorpe and the Calverts, and occupies a far higher place among the makers of America. Professor Sumner has not written a biography of Hamilton or a political history of his times. Instead, he has undertaken to show "how and in what sense" he was "one of the makers of this American state." The result is a study in which the author

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appears at his best. The treatment is clear, forcible and suggestive. In the first seven chapters of the book the salient features of American public life between 1765 and 1780 are described. This is done under the general heads of trade, taxation, persecution of Tories, commercial war, Continental currency, tyranny of committees and factions in Congress, and lack of discipline in the army. To my knowledge no author has made such havoc among the idols of American patriotism as Professor Sumner has made in this book. Here for the first time we have something like an adequate statement of the demoralization which existed in the colonies at the time of the revolt, and which continued long afterward. While admitting the necessity of the revolt and its commanding importance as an historical event, the author wholly discards the theory on which it was made. He throws aside the discussions which led up to it "as really unprofitable and useless." He declares that childishness was at that time the leading American trait. The tendency in each department of government was toward confusion and anarchy.

How did Hamilton stand related to this condition of public affairs? He, according to the writer, was the man "who most clearly perceived the faults and needs of the country in civil administration, union, army and finance." He attempted "to introduce energy into the administration, discipline into the army, cohesion into the union, punctuality into the finances." But he pushed his reforms "faster and farther than the temper of the people for the time being would permit," and therefore made shipwreck of his own political career, while his reforms provoked a popular revolt which resulted in their partial overthrow. These considerations furnish "the clew to the career of Alexander Hamilton."

In the opinion of the author, "the continuity of the Union was always in question" until after the second war with England. Hamilton was the leader in enforcing the idea of union long before the reality existed. This lay at the bottom of his plan for the assumption of the state debts, and furnished a motive for all his more important political acts.

As was to be expected, Professor Sumner criticizes unfavorably Hamilton's economic views, and holds that his services as a financier have been overestimated. It does not appear that Hamilton had read very much upon the subject of finance. His *Report on the Bank* is found to contain "the most vicious fallacies with regard to money and banking." Though his *Report on the Mint* was at the time a work of high merit, it cannot be said, in the opinion of the writer, to furnish arguments of value to the bimetallist of the present day. In his *Report on Manufactures* Hamilton borrowed "the traditions of the colonial system," and thus "helped to turn the current of American opinion against what, according to all the logic of the American situation, it ought

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to have been." The opinion is expressed, that the best series of papers Hamilton ever wrote were those in which he expounded the Jay treaty.

Full allowance is made for the hasty, overbearing conduct of Hamilton, and for his unscrupulous partisanship. But though he and his party failed, it was because their political measures were in advance of the times. The people were not sufficiently disciplined to tolerate them. Still every step of progress which the nation has since made has been toward the ideal which the Federalists tried to realize. The Civil War has fully justified their view of what was possible.

H. L. O.

The History of Federal and State Aid to Higher Education in the United States. By FRANK W. BLACKMAR, Ph.D. Washington, Government Printing Office, 1890. — 8vo, xx, 323 pp.

This work, which is published by the national bureau of education as No. 161 of the Circulars of Information, and which is at the same time No. 9 of Prof. Herbert B. Adams's series of "Contributions to American Educational History," contains an historical *résumé* of all that has been done both by our national and by our state governments in the way of aiding our institutions of higher education. As the author begins in his treatment with the earliest colonial days and includes among institutions of higher education all such as style themselves "colleges" or "universities," together with schools for purely agricultural or technical instruction, his monograph is very comprehensive.

The first twenty pages of the work are devoted to a discussion of the general policy of the states (and colonies) regarding schools of superior instruction, with especial reference to their exemption from taxation; to quotations from the opinions of our early statesmen on educational matters; and to a selection of (favorable) opinions concerning the much-vexed question of a "national university." The next twenty pages give an account of the early federal land-grants, of the distribution of the surplus of 1836, of the land-grant of 1862 and other special land-grants, of the academies at West Point and Annapolis, of the several libraries and museums under federal patronage at Washington, and of the bureau of education. The remainder of the work treats in detail of the aid given by the individual states to institutions of higher education, and of the various policies which they have followed in their several solutions of the educational problem.

The first two chapters of the book are the least valuable, and contain little that cannot be found in previous government reports. The subsequent chapters (dealing with the separate states) give a carefully collected and well stated summary of facts and figures, and have evidently been compiled with much care.

WILLARD C. HUMPHREYS.

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Ireland under the Tudors. By RICHARD BAGWELL, M.A. Volume III. London and New York, Longmans, Green & Co., 1890. — vii, 502 pp.

A History of England in the Eighteenth Century. By WILLIAM EDWARD HARTPOLE LECKY. Volumes VII and VIII. New York, D. Appleton & Co., 1890. — xvi, 465, xv, 650 pp.

In his third volume Mr. Bagwell completes the work of which the first two volumes were published in 1885. With the introductory chapters on Ireland prior to the Tudor period, he covers the history of that unhappy island during the whole time of English interest in it down to the death of Elizabeth. As a clear, concise and colorless collection of the facts involved in that history, his work may be considered valuable. His information is drawn almost exclusively from state papers, private manuscripts and contemporary annals, and may be depended upon, therefore, for a high degree of accuracy. The author shows himself a faithful and industrious student of the sources of history, but it is hardly possible to award him the meed of a gifted historian. In protracted research among the annals of the sixteenth century, he has absorbed their spirit as well as their facts, and his narrative therefore is painfully dry. Not a page of picturesque description, scarcely a paragraph of philosophic reflection, relieves the tedious monotony of the chronicler's record. Mr. Bagwell's volumes may be recommended as an excellent antidote for the fascinating romance of Mr. Froude which is sometimes called Irish history.

If Mr. Bagwell has put in final array the *facts* of the Tudor régime in Ireland, Lecky's great work has certainly done the same for the *history* of that kingdom in the eighteenth century. It is the full and impartial exposition of the inner springs of political action that distinguishes history from annals; and this is the particular characteristic of Mr. Lecky's writings. In contrast with Bagwell, he is philosophic; in contrast with Froude, he is impartial. The two volumes now published complete his work. They are devoted entirely to Ireland and cover the period from 1793 to 1802. These nine years were momentous in the history of Ireland's relations with England. The complex forces set in action chiefly by the French Revolution resulted in the insurrection of 1798 and the Act of Union. Controversy has raged with peculiar violence about each of these events, and not only the scientific disentanglement of conflicting records, but also the personal judgment of the historian on the interpretation of the facts as attained has been looked forward to with profound interest. It was well known that Mr. Lecky's opinion on the present questions of Irish politics would tend to make difficult an attitude of strict impartiality on events so closely connected

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with modern issues. The volumes show that while the difficulty was a great one, it has been successfully overcome. Not that there is no indication of dislike for present Irish leaders and their policy and purpose. Such indications, whether by direct expression or indirect allusion, are abundant. But they are not allowed to affect the narrative; they are by way of parenthesis and disconnected comment and are not inextricably blended in the fabric of the history. Mr. Lecky believes that the Irish leaders of to-day and their cause are alike hopelessly bad; but he never himself lapses nor allows his readers to lapse into the fallacy of concluding therefrom that the Irish leaders of a century ago and their cause were hopelessly bad. The effort necessary to be impartial is obvious, and his success is all the more creditable.

In the latest volumes he pursues, even more closely than before, his chosen method of illustrating in the fullest possible way both sides of every question upon which controversy has arisen. The extraordinary facilities which he has had for this purpose and the untiring diligence with which he has explored the great accumulations of documents opened to his study have made his volumes the repositories of immense stores of information which might have remained forever inaccessible to less favored students of Irish affairs. His practice of incorporating in his text copious excerpts from the original authorities is one which will gain the enthusiastic gratitude of thinking readers, however well founded may be his apology for derogating from the "symmetry and artistic charm" of the work.

The first important subject of controversy discussed in these volumes is the Fitzwilliam episode — the recall in 1795 of a viceroy appointed under a pretty clearly determined policy of liberality to the Catholics, and an abrupt disavowal of that policy. Mr. Lecky's judgment, after an exhaustive review of all that can be said on each side of the subject, coincides with that of the contemporary Whigs and of the Irish writers most hostile to England. Ireland, he thinks, was on a fair way to relative peace and prosperity and to becoming an element of strength to the empire.

> But from the day when Pitt recalled Lord Fitzwilliam the course of her history was changed. Intense and growing hatred of England, revived religious and class animosities, a savage rebellion savagely repressed, a legislative union prematurely and corruptly carried, mark the closing years of the eighteenth century; and after ninety years of direct British government, the condition of Ireland is universally recognized as the chief scandal and the chief weakness of the empire. [VIII, 98.]

The exceedingly complicated play of influences and interests leading up to the insurrection of 1798 is most admirably analyzed. Here also the line of the author's criticism follows the old Whig sentiment, and is

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in general extremely unfavorable to the policy of the Protestant oligarchy headed by Fitzgibbon, which has found in Froude its only prominent panegyrist.

In the eighth volume, pages 265–500, Mr. Lecky has given us by far the best history yet written of the process by which the union of the two kingdoms was achieved. However divergent views have been as to the desirability of the union, there has never been much difference of opinion as to the character of the means employed by the government to bring it about. Dr. Ingram's recently acquired and published conviction (see POLITICAL SCIENCE QUARTERLY, II, 684) that the measure was carried "by fair and constitutional means," "free from any taint of corruption," and that it "was accompanied with the hearty assent and concurrence" of the people, is not shared by Mr. Lecky. Though he gives due consideration to the very weighty reasons that *might* have made union absolutely necessary at the time, he does not think that the conditions actually existent justified Pitt's policy.

> The measure was an English one, introduced prematurely before it had been demanded by any section of Irish opinion, carried without a dissolution and by gross corruption, in opposition to the majority of the free constituencies and to the great preponderance of the unbribed intellect of Ireland. Under such conditions it was scarcely likely to prove successful. [VIII, 496.]

The conditions of its success Mr. Lecky believes to have been in the accomplishment of the three measures which he shows were connected with it — Catholic emancipation, commutation of tithes and payment of the Catholic priests. He considers Pitt's failure to force Catholic relief, after the pledge practically given, a serious stain on that minister's character.

> The continued disaffection of Ireland was much less due to the union or to the means by which the union was carried, than to the shipwreck of the great measures of conciliation which ought to have accompanied it and which were intended to be its immediate consequence. [VIII, 536.]

Mr. Lecky's concluding reflections on the political and social condition of Ireland since 1800, like the casual allusions scattered through the body of his work, are suggestive, but very pessimistic. He has no liking for democracy and least of all for Irish Catholic democracy. Though manifestly in sympathy with the party of Grattan which was seeking popular reforms a century ago, he entertains no suspicion that his views on modern questions may be inconsistent with that sympathy. It never occurs to him that relatively to the general progress of social development, which has certainly affected Ireland as well as other lands, he himself may be standing now where Fitzgibbon stood in 1790.

WM. A. DUNNING.

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A Legislative Handbook. By ASHTON R. WILLARD. Boston and New York, Hurd & Houghton, 1890. — 8vo, 281 pp.

This book meets and satisfies a real want, — a want which is now rapidly becoming an absolute necessity, as the number of legislators without legal training is largely increasing throughout the country. The object of the book is to teach how to draw up, pass and promulgate legislative acts. It is the best handbook of American law that has yet appeared upon this subject. The author has evidently had a good deal of practical training in the matter. The most valuable chapter in the work, in my opinion, is the sixth, on "The Language of Statutes and the Details of Form." This is a matter of the highest practical importance; and the rules, directions and warnings here presented by the author would, if followed, certainly free our statute books from much ambiguity and uncertainty of meaning.

The chapter of the book least satisfactory to the publicist is the fifth, on "Law-making by Resolution." The author enumerates with great care and exactness the things which are ordinarily passed by American legislatures through the form of bills on the one side and through that of resolutions on the other, and he gives a technical distinction between a bill and a resolution; but he does not seem able to arrive at any scientific distinction between the two. This is indeed a very confusing subject, one which continually puzzles both publicists and legislators. Perhaps the author would find aid in this direction when preparing the future editions of his work, by the study of Jellinek's invaluable monograph, *Gesetz und Verordnung.*

J. W. BURGESS.

Inter-State Extradition. By JOHN G. HAWLEY. Detroit, John G. Hawley, 1890. — 16mo, xv, 172 pp.

Although interstate extradition is as old as the constitution, and therefore much older than international extradition as known to the United States and England, it is still rife with uncertainties and contradictions. This is due to two causes: first, the constitution declares that a person shall be delivered up if charged with "treason, felony or other crime," without giving a precise criterion by which all offences can be tested; and secondly, Congress has never prescribed with *sufficient* fulness the way this article should be carried out. On the other hand, international extradition is governed in nearly all cases by treaty stipulations in which the extraditable offences are particularly named and the methods of procedure carefully set down.

This modest little volume is worthy our notice here mainly for two reasons: (1) it is a brief but very pithy and clear exposition of inter-

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state extradition both in theory and in practice; (2) the conclusions drawn from this exposition are put into such shape as to encourage needed legislation and unvarying practice.

Much has been written on the topics treated in this work; but I know of no volume or article which will give to the student so clear an idea of this subject, and to public functionaries who are connected with interstate extradition so ready a guide to the performance of their duties as Mr. Hawley's. Not even the rural state officers in any of the southern and western states can make a mistake in regard to the subject if this little manual be consulted and its blank forms filled out.

The author's brief arguments, together with the recommendations of the Interstate Extradition Conference of 1887, show how the procedure might be made uniform and positive. The theory has often been maintained that a governor could exercise his discretion in reply to a demand for extradition, as Seward did in the controversy with Virginia. The author avers that the governor on whom a demand is made does not act in his usual capacity, but as "a federal agency acting ministerially"; and that to do away entirely with the question of discretion, Congress might pass a law making it the duty of some other official to make the delivery. This is one of Mr. Hawley's most striking propositions for the accomplishment of the desired uniformity.

FREDERIC BANCROFT.

Das Staatsrecht des Deutschen Reichs. Von Dr. PAUL LABAND. Zweite umgearbeitete Auflage. Vol. II. Parts 1 and 2. Freiberg i. B., Akademische Verlagsbuchhandlung von J. C. B. Mohr (Paul Siebeck), 1890.

In Volume III, page 123, of the POLITICAL SCIENCE QUARTERLY, I reviewed at considerable length the first volume of this great work. The second volume maintains the same degree of excellence as the first, but I do not find it necessary to notice it so minutely or so extensively. In the first volume the author wrote both as publicist and as jurist. In that volume he discussed the way in which the North German Confederation and the German Empire came into existence; the relations of the empire to the several states, and the question of sovereignty; the method of amending the constitution and of determining whether or not proposed changes of law involve a change of the constitution. In the present volume, on the other hand, the field covered is wholly juristic. According to my estimate of the author's intellectual bent and genius, he is far more jurist than publicist. Naturally then we shall find much less to criticize in this volume than in the former.

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His subjects in this volume are the administrative, judicial and military systems of the empire. The accuracy and the fulness of his treatment of these subjects are most satisfying to the student of Germany's public law. By no other author has the judicial system been presented with so much clearness and method. Dr. Laband announces at the outset that he will deal with this topic from the standpoint of public law rather than from that of procedure. Upon every point but one, he meets and fulfils our highest expectations. That one, however, is to the American student of public law the most important of all, *viz.*, the power of the courts to pass upon the constitutionality of imperial legislative acts. He does not even so much as mention this question in this volume. He does, indeed, discuss it briefly in Volume I, and pronounces against such a power in the courts; but the scientific student of constitutional law is disappointed not only with his conclusions there, but with the lack of completeness which makes itself felt by the omission of this most capital question in the division devoted specifically to the treatment of the judicial system.

The second part of Volume II is no less interesting to the students of public law than the first part. Its subject is the military system of the empire. There is perhaps no institution of the civilized world so little understood and appreciated by the mass of our countrymen as the German army. A great German professor once said to me: "Our army is not simply the organized power of the state; it is also a great school, nay our greatest school for the masses, of intellectual culture, morals, politeness and patriotism." It is true that Dr. Laband views the military organization wholly from the legal and administrative standpoints. It would, of course, be foreign to his general subject to treat it as a social institution. I would venture to affirm, however, that it will be a great matter of surprise to the majority of American readers to find how completely the German military system is regulated by law, and how moderate are the powers of the Emperor over the army in times of peace. In fact, Dr. Laband affirms that there is no imperial army, but only contingents of the several commonwealths of the empire (page 501). If I have any criticism at all to make upon his most clear, complete and logical treatment of this subject, it is that it appears to me to proceed from what we would call here an excessively states-rights view of the constitution.

These two parts of Volume II are to be followed by a third part upon the financial system of the empire. We shall look for its appearance with great interest and can scarcely be disappointed in our anticipations of its importance.

J. W. B.

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Untersuchungen über das Kapital, seine Natur und Funktion. Ein Beitrag zur Analyse und Kritik der Volkswirthschaft. Von OTTO WITTELSHÖFER. Tübingen, Verlag der H. Laupp'schen Buchhandlung, 1890. — 262 pp.

Any theory of the distribution of wealth that begins by divorcing that process from production is foreordained to go astray. Conceive of the wealth of the world at a particular instant as a heap of miscellaneous things brought together by one set of forces and about to be apportioned among countless claimants by a wholly different set of forces, and you preclude from the outset the possibility of a successful termination of an inquiry into the nature of the dividing process.

According to the author of this volume, what a man gets out of the social store is independent of what he puts into it. The cause of this is the existence of "subjective capital." A main object of the work, as announced in the preface, is to clear the field of difficulties that have arisen in consequence of a confusing of this capital with that which is objectively regarded. The objective capital consists of "fore-products" such as machines, buildings, raw materials, *etc.*, in themselves considered, and without regard to their ownership. If these identical things be considered as constituent parts of some man's property they become subjective capital; and in this relation they are always referred to in terms of their money value, since it is only the value of the things that can constitute a definite fraction of a man's estate.

The active agents in production and distribution are the laborer and the capitalist-entrepreneur; and modern industry involves the exploitation of the laborer by the entrepreneur, who owns some of the subjective capital and manages all of it. The gains of this dual personality come through buying and selling, and depend on the terms that he can make in his various bargains. What he buys is fore-products and labor, and what he sells is products; the difference between the amounts paid and those received he pockets. The value coming to him is not of his own creating; in so far as the man works and aids in bringing the products into existence he is a wage earner, and what comes to him in this capacity is no part of his profit as a capitalist-entrepreneur. The labor of management is merged with other labor, and its reward is honestly acquired. The profit maker is a bargainer *par excellence*, and creates his profit, if at all, only in the sense of controlling the terms of his purchases and sales. If he can make labor accept a small sum and compel consumers to pay a relatively large one, he can, as it were, force a mercantile margin of gain into existence.

The entrepreneur holds the strategic position in bargaining with workmen; and here lies the central evil of the system. Yet the effect of

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the mercantile relation that classes sustain to each other shows itself in a very general way throughout society. Each industrial class is interested, not in making the income of society as a whole as large as possible, but in dividing the income, whatever it may be, on terms favorable to itself. Good terms can often be had by curtailing production and lessening the general income of society.

The work abounds in acute analysis and states truths that need to receive attention. Its fundamental weakness lies in the assumption that natural or competitive distribution is distinct from production, and that the making of unnatural bargains is a part of it. The work attributes too easily to the capitalist-entrepreneur his power of extortion.

J. B. CLARK.

Die Französische Revolution und die Sociale Bewegung. Von Dr. EUGEN JAEGER. Erster Band: *Frankreich am Vorabende der Revolution von 1789.* Berlin, Puttkammer and Mühlbrecht, 1890. — xviii, 547 pp.

The first volume of Dr. Jaeger's *History of the Social Movement and Socialism in France* appeared thirteen years ago, and was immediately recognized as an important and original as well as a scholarly work. The volume now published, though issued as the first of that part which is to portray and interpret the revolution of 1789, is the second in the complete work. The purpose at the bottom of the whole undertaking is to set forth in the light of the latest knowledge and the ripest thought that historical development of modern social unrest which was so strongly emphasized by Lassalle in *The Workingman's Programme*. But nothing could be more different in spirit from Lassalle's survey of social history than this work of Dr. Jaeger's. His standpoint, as defined by himself, is the Christian social. He regards the freedom of the church as the moral basis of state and society. He believes in monarchy by divine right, if it be tempered by a strong and authoritative popular representation. He can revere the nobility so long as it is true to a high mission. At the same time, with all these conservative convictions, he can honor the third and fourth estates and wish them to be worthy to play an important part in the social order. After such a confession of faith, the reader knows about what to expect. With no desire to see old institutions subverted, and with an evident fondness for what he would call the Christian-German polity of the middle ages, he desires to see human relations pervaded throughout by Christian love and principle. In this sense his sympathies are strongly on the side of social reform. Whatever one may think of the logic of this position, it is not unpleasant in these days of destructive criticism to follow an

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author thus loyal to the old standards, when, like Dr. Jaeger's, his candor and historical fidelity are beyond question.

The first volume traced the social movement from the beginning of French civilization down to the revolutionary period. In the one before us we see France on the eve of the revolution itself. The social standpoint in historical study is more familiar now than it was thirteen years ago, and not a little has been done of late toward clearing up the enigma of the French revolution by studying it in connection with the development of socialistic thought. The volume has therefore not quite the freshness and not at all the novelty it would have had, could it have immediately followed its predecessor. It does not need these qualities, however, to secure the favorable regard of scholars. Its merits are in the scientific validity of its method and the thoroughness with which its distinctive line of interpretation is worked out. Of the six books into which it is divided, the first, on the political, social and economic state of France at the end of the eighteenth century, has lost most by delay. It is nevertheless an admirable summary. In the second book, on the general character of the great intellectual movement (*Aufklärungs-Bewegung*) of the eighteenth century, we find our author's succinct philosophy of history. The new ideas were liberalism and socialism, which, in Dr. Jaeger's view, have been from the first co-ordinate and inseparable, and will continue to be so until both shall disappear in a return to a Christian social order. Fundamentally, liberalism and socialism are a revolt against the religious, social and economic principles of the middle ages, and their necessary outcome is a social disintegration that results in a conflict of class interests and a degradation of the family. Formerly, the family was founded in religion, duty, labor and frugality, and it was rich in children. The family of to-day, almost childless, is materialistic. But in their political aspects liberalism and socialism were a revolt also against the princely absolutism that had overthrown the primitive "Christian-German" right of the people and estates to participate in government. They have had, therefore, the great historical function of breaking absolutist bonds; but in denying the divine right of kings and asserting the sovereignty of the people, they have gone too far. Naturally and inevitably, therefore, liberalism and socialism have become "feindliche Brüder"; one, the cult of the propertied classes, the other, identifying law-making power with a numerical majority of propertyless workingmen.

The two following books, on liberalism and its forerunner (Montesquieu) and socialism and its forerunner (Rousseau), carry out this thought with great ingenuity, and are crowded with most interesting personal judgments, skilful tracings of germinal ideas through devious channels of individual thought and influence, and suggestions of eigh-

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teenth century sources of much of our latest literature of discontent; as in the discussion on the relation of Henry George to the Physiocrats. The last two books deal respectively with the deficit and consequent financial experiments, and with the elections for the States-General. An American student, rejecting Dr. Jaeger's political philosophy, cannot feel that his pages are colorless or that they present the whole case, but he will admit that they contain a great deal of sober, if unpalatable, truth, that cannot be lightly brushed aside. The book is without bibliographical references, but a special volume containing these is promised.

F. H. GIDDINGS.

Die Grundzüge der Theorie der Statistik. Von HAROLD WESTERGAARD, Professor an der Universität zu Kopenhagen. Jena, Verlag von Gustav Fischer, 1890. — 8vo, 286 pp.

All persons interested in the thorough study of statistics as a science will welcome this clear and vigorous book. The first part is highly mathematical, but even the ordinary reader will be able to understand the general application of the theory of probabilities to social statistics. As von Mayr has remarked before, the irregularities in statistics are as instructive as the regularities and in many cases even more so. If we find, for instance, a greater death-rate in one year than in another, we are led to seek its cause in an epidemic or a war or economic distress. The question is, how great must the variation be, in order to justify us in seeking a special reason for the variation. A slight increase or decrease of the death-rate may be due to accidental causes (chance), just as in tossing a penny a thousand times the number of heads may be slightly above or below 500. If we can calculate the probability of this variation (mean error), then we can determine whether unusual causes have been at work. The author carries out this investigation in many directions and with interesting results.

The second part of the book consists of keen and searching analysis of statistical methods applied to population, economic and social statistics. The author declares it to be

> not so much the duty of the statistician to open new fields as it is to free the present domain from dilettanteism, and to correct the many errors which the untrained statisticians have spread abroad. After this work has been accomplished, it will be time to undertake new voyages of discovery. Even mortality statistics, cultivated as they have been for two centuries, will scarcely escape the need of such critical treatment, not to speak of the step-child of statistical science, economic statistics, and that child of sorrow (*Schmerzenskind*), moral statistics. [Page 138.]

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After such a declaration it is not surprising to find the author saying that statistics can never decide the question of the freedom of the will. The "mean error" will always allow for individual freedom. The so-called moral statistics must be handled with great care. We have statistics of murders, but not of murderous intents or desires; of church membership, but not of real religious disposition. The recent attempts of Italian anthropologists (Lombroso, *et al.*) to make crime an outcome of physiological condition (*i.e.* the criminal irresponsible) are shown to rest on inadequate statistical foundations.[1] I wonder what Westergaard would say of some recent economic statistics in this country in regard to the distribution of wealth.

R. M. S.

Allgemeines Statistisches Archiv. Edited by Dr. GEORG VON MAYR. Year 1890; Half-volume I. Tübingen, Verlag der H. Laupp'schen Buchhandlung, 1890. — 8vo, 415 pp.

Dr. von Mayr was for many years head of the Bavarian bureau of statistics and professor in the University at Munich. He afterwards entered the imperial service and was engaged in reorganizing the finances of Alsace-Lorraine, with headquarters at Strasburg. He is well and favorably known through his writings and especially through his little book on vital statistics, *Die Gesetzmässigkeit im Gesellschaftsleben.* He brings, therefore, to the work of editing a special journal of statistical science experience as a practical statistician, administrator, teacher and writer.

The new journal is not in any sense a popular one. It is intended for the statistician, the administrator and the student of social science. It will be a repertory of thorough studies by specialists of the various questions connected with statistical method and research. The American professor of political economy and social science will often turn to its pages for information, and it would be well if the practical statistician and administrator could find time to do the same.

A brief notice of the principal articles in this first half-volume will be useful as indicating the range of topics and the character of the writers to be expected in the *Archiv*, and may serve to attract the attention of some who would otherwise be inclined to pass it by as only one more German technical journal. The introductory essay by Dr. von Inama-Sternegg, Professor in the Vienna University and Chief of the Austrian Central Statistical Commission, is on "Instruction in Statistics." It traces the history of theoretical statistics, and describes the position statistics occupy in the universities and higher technical schools and also in the middle and lower schools of Europe. There are regular courses in

[1] Lombroso gives statistics of 50 criminals of whom one per cent were flat-headed! Westergaard, page 281.

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statistics at pretty much all the German and Austrian universities; and in Italy of late years the study of statistics has been introduced into both the universities and the commercial and technical schools. In many cases statistics form part of the state examination for entrance into the civil service. In the middle and lower schools of Europe statistics are not taught directly as a separate science, but indirectly, in connection with physical and commercial geography, political and social history, *etc.* The second article, by Dr. von Mayr himself, treats of "Statistics and the Administration," and gives many wise hints regarding the proper method of collecting statistics and of interesting the ordinary servants of the administration in their collection. Three other articles, on the "Element of Time in Statistics," the "Latest Methods of Collecting Statistics of Population" and "Agricultural Statistics," are more technical in their nature, but they are exhaustive and scientific, and really essential to any one who pretends either to collect or to criticize those kinds of statistics. Of more general interest is Dr. Hausmann's "Statistics of German Universities," which seeks to analyze and explain the recent enormous increase in the number of students (in 1876–77 there were 17,464; in 1888, 29,190 students); and Dr. Bruchner's "Development of Urban Population in Germany." Students of penology and general sociology will find the "Introduction to Criminal Statistics," by Professor von Scheel, who is also attached to the German imperial bureau of statistics, extremely lucid and helpful, if they desire to know just what these much-abused criminal statistics show and what they do not and cannot be made to show. Professor von Kaufmann's conscientious struggle with the "State and Local Finances of the United States" is unsuccessful, partly from the inherent difficulties of the subject and partly because he has used old and imperfect sources of information. Dr. Seligman's *Finance Statistics of the American Commonwealths* would have helped him out of many of his difficulties if he had been acquainted with it, and a few months' delay would have given him the figures from the census of 1890 instead of those ten years old. A hundred and fifty pages of book reviews, the annotated law for taking the German census of December 1, 1890, and a list of all the statistical bureaus in Germany, complete this monument of German industry.

I have enumerated at some length the contents of this first number of the *Archiv* in order to introduce it to the American scholar and publicist. For some years in our historical and economic writing we have been much indebted to the Germans for both method and material. What the Germans sow we have the good fortune to reap. May the German influence make itself felt in the deeper and more scientific treatment of those statistical problems lying at the basis of so many of our social questions!

RICHMOND MAYO SMITH.

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Esame storico-critico di Economisti e Dottrine Economiche del Secolo XVIII e prima meta del XIX. Raccolta delle Prefazione dettati dal Professore FRANCESCO FERRARA alla 1ª e 2ª serie della Biblioteca degli Economisti. Torino, Unione Tipographico, 1889–1890. — 3 vols, large 8vo, vi, 692, 717, 667 pp.

Italy has long had what other countries, and especially the English-speaking nations, have wofully lacked — an extensive and admirable set of translations of the most important economic works of foreign authors. The twenty-six volumes of the first and second series of this "Library of Economists" contain the chief English, French and German productions down to the middle of this century. The prefaces of the learned editor, Professor Ferrara, attracted great attention at the time of their first appearance, and they have now been reprinted so as to be accessible to those who do not care to purchase the translations themselves. The editor of the later volumes of the third series has brought them down to date. These prefaces contain not alone full biographical and bibliographical accounts, but also acute and sometimes exhaustive criticisms of the author under discussion. Re-united in this shape, they form what is virtually a critical history of economic theory. The first two of the bulky volumes which have already appeared deal with the Physiocrats, Adam Smith, the early Italian economists, Storch, Lauderdale, Malthus, Senior, Bentham, the two Mills, Sismondi, Say, Destutt de Tracy, Chalmers, Rossi, Chevalier, Peshine Smith, Ricardo, Bastiat, McCulloch and Carey. Professor Ferrara is a judicious eclectic, and surprisingly free from the bias in favor of his countrymen which we occasionally find in Italian authors. Compare *e.g.* the brave words (I, 366) on the Italian economists of the eighteenth century. The only fault that I can find with his work is the leniency and even exaggerated enthusiasm shown for the views of Carey. But even Ferrara was not able to digest his arguments for protection.

The third volume contains disquisitions, historical and theoretical, on the chief topics of economic science. Among them are agriculture and the division of labor, theory of prices, theory of crises, money and its substitutes, and credit. All these questions are treated mainly from the standpoint of the history of economic theory. A fourth volume is to complete the investigation.

Although many of the chapters were written several decades ago, the student of the history of economic theory will have to reckon with Ferrara's volumes. In many respects they present points of view which have been almost entirely neglected in the recognized histories of the science.

E. R. A. S.

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Report of the Special Committee on Taxation. Boston Executive Business Association. Boston, Mudge & Son, 1889. — 8vo, 32 pp.

Report of the Special Tax Commission of Maine appointed under resolve of the Legislature approved March 8, 1889. Augusta, 1890. — 8vo, 192 pp.

Memorandum of a System of Taxation submitted to the Committee for the Revision of the Revenue Laws of Pennsylvania. By JOHN A. WRIGHT, member of the commission. Harrisburg, 1890. — 8vo, 33 pp.

Report of the Revenue Commission appointed by the Act of the Legislature of Pennsylvania May 25, 1889. Philadelphia, 1890. — 8vo, 198 pp.

Signs of discontent with our system of state and local taxation are multiplying. The four most important official results of the last fifteen months lie before me.

The report of the committee of the Boston Executive Business Association was written by Mr. Jonathan A. Lane. It is notable for its moderate and common-sense views, and its clear discussion of some of the pending problems. The chief recommendations of the report are the complete exemption of personalty from local taxation and the main reliance for local revenue on realty; but on the other hand a state tax, either on incomes or on personal property, a collateral inheritance tax, a direct succession tax on personal property, and the development of municipal control over, or management of, economic monopolies on the principle that "we believe in the people more than we do in the corporations." About the only criticism that can be made on the report is that it gives practically a wrong impression of the results of the mortgage-exemption tax law; for, as Mr. Thomas Hill, the chairman of the Boston assessors, has shown, the main benefit has accrued not to the mortgagors, but to the mortgagees.

The report of the Maine tax commission is valuable for its facts as to the tax system in various commonwealths. The tables make no pretence to completeness, but a digest of the legal provisions of the most important states is given on such subjects as the listing system, equalization, the poll tax, the dog tax, and the taxation of railways, insurance companies and savings banks. Some of the tables, however, are exceedingly fragmentary. The only one that is complete and trustworthy is that published as an appendix concerning the tax on insurance companies.

As regards the report itself, not much can be said in commendation. For instance, the commissioners confess "to having been compelled to

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acknowledge the logical soundness of many views advanced" by recent economists, and yet they say that these views "are at variance with the conclusions at which we have arrived." Their excuse is that it is "better to err upon the side of conservatism." The practical outcome of the commissioners' studies is that the failure to reach personalty may be overcome by the plan of requiring sworn detailed inventories of all property. And the proposed law contains provisions to this effect which the commission calls "strong and mandatory." It is the old, old story. Personalty escapes; *ergo*, try to reach it by more rigid methods. Of course the result can be foretold.

The value of the commission's ideas may be gauged by the knowledge displayed on the general science of finance. Thus on page seven we find the remarkable statement that the single tax on land values is the system which most European countries have adopted. When the present writer wrote to the commission for an explanation, the answer was sent that the commissioners had learned this fact from one of his own recent articles on taxation! This was astounding information. Again on the very next page the commission utterly confounds the single tax on land values with the tax on real estate, whose merit with some consists in the assumed fact that it will be diffused throughout the community. Further, in discussing the income tax (which they reject), they repeat the old error that to tax property and the income from property is intolerable, as double taxation. When will our commonwealths learn to put the solution of knotty questions of finance into the hands of experts instead of laymen?

The report is redeemed, however, by some wise suggestions. Thus in regard to the taxation of mortgages, it accepts in a large degree the contention of the present writer, and quotes (page 47) an entire paragraph, which it erroneously credits to Amasa Walker. The practical conclusion is the recommendation of the Massachusetts system, namely, to regard the mortgage as real estate and divide the tax between mortgagor and mortgagee. But the commission seems to be ignorant of the provisions of the California and Oregon laws, which avoid many of the practical evils of the Massachusetts system.

In regard to new taxes, the commission proposes the collateral inheritance tax, a tax on all private and special acts passed by the legislature and an extension of the corporation taxes. The changes in the proposed bill as to corporations are as follows: (1) All insurance companies are taxed two per cent on gross receipts less certain deductions. The tax on the surplus funds of domestic life insurance companies is increased from one-half to three-fourths of one per cent. The reciprocal act is retained. Unlicensed insurance companies, the so-called mills-mutual or factory companies, are subjected to the same license fees as other companies.

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(2) The only change as to railroads is that the limitation of the graduated gross-receipts tax to three and one-fourth per cent is abolished, the rate increasing one-fourth of one per cent with every $750 of gross receipts per mile. (3) Savings banks are taxed from one-half of one to one per cent on their deposits and accumulations. (4) A so-called "corporate franchise" tax of one-tenth of one per cent upon the capital stock at par is imposed on all corporations not already subject to an annual state tax, except manufacturing, mining, quarrying, gas, water, light and heat companies.

It will be seen that the Maine commission simply recommends an extension of the present system, and that the only important changes are the rigid listing system, the collateral inheritance tax and the corporate franchise tax. The proposed bill bids fair to be adopted.

Of far more importance are the papers contained in the recent Pennsylvania report. Pennsylvania is the only state in the Union which has seriously grappled with the problem of reaching the abilities of those that receive a revenue from other elements besides real estate. The great revenue laws of 1879, 1885 and 1889 have put her easily into the front rank of our commonwealths. Yet just because so much progress has been made, the demand for further reform is stronger in Pennsylvania than anywhere else.

The commission of eight members was unable to agree. We find in consequence four separate reports, of very unequal value. The majority report, signed by five members, is by all means the weakest, as it is the shortest — only eight pages. As there is exceedingly little prospect of this report being adopted in such a progressive state as Pennsylvania, we may pass it by with scant notice. The main point of the majority, who disclaim any attempt to change the system of state taxation, is to improve the local tax system by compelling every person to answer a list of interrogatories as to the personal property owned by him, and to provide for the publication of all details on the principle that "fraud and injustice can live in a healthy moral atmosphere only so long as it [*sic*] remains concealed." All moneys and credits are made taxable and every obligation or evidence of debt that is not returned in the assessment list shall be uncollectible by suit, and all interest earned shall be forfeited. In other words, the majority would institute a system by the side of which the most inquisitorial income tax ever known would be a mere plaything. To suppose that Pennsylvania will ever take such a retrograde step is to insult the judgment of her legislators. Furthermore all transportation and "transmission" companies are to be made liable to local taxation in the following manner: the average value per mile of the entire property shall be ascertained, and each county shall lay a tax of four mills on this average value multiplied by the mileage in the county.

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Of course this plan is most crude; for the large cities or towns in which the property or terminals are of immense value would get no more revenue than the little villages or hamlets. Average value according to mileage is an absolutely illogical and inequitable basis for local taxation, because some localities will get far more and some far less than their just share. In short, there is scarcely a recommendation in the majority report which does not fly in the face of all experience and contradict the teachings of sound finance.

As a result the three minority reports all savagely attack the majority report. The auditor-general, Mr. McCamant, brings in a bill of his own, the main feature of which is the relief of local taxation at the expense of state revenue. He proposes that the commonwealth treasury assume a further share of the expenses of local government, or that it relinquish to the counties some more of its surplus revenues, and furthermore that local taxes be imposed on moneyed capital, capital invested in business, shares of stock in corporations and gross earnings of private bankers and brokers. He anticipates a revenue of $3,500,000 from these local taxes. Mr. Albert S. Bolles approves of the income tax project to be mentioned in a moment. His report is especially noteworthy for the few words he has to say on the tendency towards inequality as the result of the incidence of the property tax. He maintains that the chief revenue of the state should be from railroads, and that most of the other objects of taxation should be surrendered to the counties.

By all means the chief part of the report, both in quantity and quality, consists in the three papers by John A. Wright, one of which has been republished separately as a *Memorandum of a System of Taxation*. These papers constitute what is really the first comprehensive plan ever submitted to the American public for an adjustment of the whole system of state and local taxation. They deserve our careful attention.

As regards state taxation, Mr. Wright lays down twelve principles, all of which may be summed up in the words: an universal income tax, without deduction for debt, without exemptions, without differences of rate, applied to individuals and firms as well as to private corporations. He shows that Pennsylvania practically has indirect income taxes already in the mercantile license taxes and the occupation taxes, and direct partial income taxes on bankers, brokers and certain corporations. What he desires is an extension and consolidation of this system. His plan is that the state should tax (1) the net income of all corporations, with a few exceptions, (2) the amount of sales of all dealers, firms, *etc.*, (3) the gross income of all individuals from trades, professions and occupations, with provisions to prevent inquisitorial proceedings. On

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the other hand the local divisions should tax real estate, horses, mules, oxen and vehicles, and should levy certain licenses.

There are many striking points in Mr. Wright's papers. His scathing criticisms of the majority report, his appreciation of the injustice of the property tax, his argument that revenue and not property should be the basis of taxation, his proof that an income tax is really less inquisitorial than a property tax, his appreciation of some of the difficulties of interstate taxation — all these put the three papers in the very front rank of the literature on American finance. But on the other hand many criticisms might be made to show that Mr. Wright is not acquainted with the latest and best results of science. Thus whole subjects are entirely ignored — such as the question of graduated taxation, of the distinction between permanent and precarious incomes, and of the many problems of double taxation connected with the income tax. The subject is not so simple as Mr. Wright supposes. Furthermore there are many evidences of immature, or at all events of not sufficiently penetrating thought — as on the whole subject of debt exemption, where the writer's conclusions are not at all in accord with the latest results of science; on the subject of incidence of taxation, where the erroneous diffusion theory of Canard and Thiers is again dished up to us; on the protection theory of taxation; on the question of deductions from income, where the conclusions are very arbitrary. What we need in this country is a really scientific discussion of the income tax from all its sides. This Mr. Wright has not given us, probably because he is unacquainted with the theory and practice both here and abroad. But with all its faults, Mr. Wright's report is by far the best official document hitherto published in the United States on the subject of local finance.

Finally, one last word of criticism — a word that I hope will before long be expanded into a monograph. Are not the advocates of the income tax in this country somewhat too optimistic? Do they reckon sufficiently with the unquestioned opposition to its enforcement, and the probable inadequacy of its administration? Is it not far better as a piece of practical policy to present the alternative plan of what Mr. Wright himself calls indirect income taxation? Such a system has never yet been worked out in America. We are all agreed in our opposition to the property tax and in our desire to abolish the tax on personalty. We are also all agreed that the resulting burden on real estate must be diminished. And if there is no immediate prospect of an adequate taxation of personal incomes, the question arises: How can equality of taxation be attained? To this no answer has yet been given in the United States. It is the one problem with which students of public finance must grapple. In my judgment, at least, the problem is not insoluble.

E. R. A. S.

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Waterways and Water Transport in Different Countries; with a description of the Panama, Suez, Manchester, Nicaragua and other canals. By J. Stephen Jeans. New York and London, E. and F. N. Spon, 1890. — 8vo, xx, 507 pp.

Whatever the shortcomings of Mr. Jeans's books, he generally succeeds in making them interesting; and this is no exception. He writes on a subject where the public desires information. He has collected within the limits of a single volume what previously had to be sought in half a dozen different works, some of them not easily accessible. He first describes the navigable rivers, canals and projected canals of Great Britain; then those of France, Germany and other parts of Europe, and lastly those of America and India. Next, he takes up the history of ship canals; and finally he discusses the conditions of the working of different waterways and their bearing upon the transportation problem. The information is not quite so well digested as one could wish; matters of present importance receive in some instances no larger space than those of past history. Nor is the arrangement such as to conduce to the clearest discussion of the various problems. The chapters on "Railways and Canals" and on the "Comparative Cost of Water and Land Transport" precede that on the character and density of canal traffic. As a result some things have to be said twice which might as well have been treated all at once. The whole matter of density of traffic is looked at in a curiously superficial way. Mr. Jeans obtains his figures, not by dividing ton-mileage by mileage, but by dividing tonnage by mileage, which gives an almost meaningless result. For instance, 18,000,000 tons pass annually up the Thames. It would be supposed therefore that the density of traffic on the Thames was 18,000,000 tons a year. Not so, according to Mr. Jeans; the Thames is 18 miles long and therefore the density of traffic is 1,000,000 tons. When this system comes to be applied to the canals of France, the result is that the shorter the canal, the greater the apparent density of traffic, even when exactly the same amount goes over the long one as over the shorter.

Equally unsatisfactory is the treatment of questions of comparative economy of railroad and canal traffic. This is the more disappointing because the author understands perfectly well what factors enter into the question. He is not one of those canal enthusiasts who think that it is fair to compare the operating expenses of a canal with the total expense of a railroad. He recognizes that speed is an important element to the public, and that, other things being equal, the public is ready and ought to be ready to pay more for transportation by rail than by water. But when he comes to compare the amounts actually paid or prospectively necessary, instead of a careful analysis of figures, we have a perfectly

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haphazard collection of estimates. He quotes, almost in the same breath, Alderman Bailey's speech at Manchester, where the charge for water transportation is estimated at one-sixtieth of a cent a ton-mile, and other figures placing it at ten or twenty times that amount. He cites without censure a French report in which the whole treatment of the subject is based on the assumption that railroads cannot possibly carry coal at less than a cent a ton-mile. He even goes so far as to estimate by a curious process of reasoning that the United States railroads receive an average of more than a dollar a ton on all the coal they carry; a statement which many of our railroad managers would be glad to see substantiated. The question of relative economy of the different methods of transportation is one of really great importance, and the absence of any thorough or scientific treatment of the evidence must detract greatly from the value of a book of this kind. It will be of use rather as a popular compendium than as a means of influencing public opinion on the questions with which it deals.

ARTHUR T. HADLEY.

Child Labor. By WILLIAM F. WILLOUGHBY, A.B., and Miss CLARE DE GRAFFENRIED. Publications of the American Economic Association, Vol. V, No. 2. — 149 pp.

This publication of the American Economic Association consists of the two essays on "Child Labor" between which was recently divided the prize offered by Mrs. John Armstrong Chanler (Amélie Rives). The two differ widely in scope. Mr. Willoughby deals with official returns of national and state labor bureaus, the census of 1870 and of 1880 and the reports of the eight states that possess factory inspectors. A brief outline of English legislation is given, with a good tabular summary of the present restrictions on child labor in the twenty-one American states that have any kind of legislation upon the subject. Unfortunately the paper had to be written before the returns of the present census could be had. It is claimed by Colonel Wright that the census of 1870 was so defective that any statement of an increase of child labor based on a comparison between it and that of 1880 must be received with great allowance. Mr. Willoughby frankly admits the lack of as full information as might be desired, but shows that many indications point to a lamentable increase in the labor of children between ten and sixteen years of age outside of a few states like Massachusetts, New Jersey and New York, where factory legislation is fairly enforced. In an interesting chapter on the "Political Economy of Child Labor" the position is well taken that instead of simply preventing the work of children under the age of fourteen and compelling their attendance for twenty weeks in the year at school, which is all that even the most advanced states now

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attempt, we should be better off in all respects if we compelled all children under sixteen to attend school at least thirty weeks a year, and gave public relief to such parents as would be temporarily pauperized by the loss of their children's earnings.

The second paper is written by Miss de Graffenried, who claims that "from personal observation in twenty states of over 100,000 working women and individual talks with 12,000," she "has become acquainted with the forerunning signs of every form of early death ascribable to overwork in youth." Her essay is an interesting and really impressive account of the extent and evils, particularly physical and mental, of child labor as it exists to-day in the United States. The essay is thus an excellent supplement to that of Mr. Willoughby. It brings out two important points with much force: (1) the extent to which children are kept out of school and from needed sunlight and play to help parents at home; and (2) the growth of child labor in the Southern factories, which threatens to furnish a plausible excuse for competing Northern manufacturers in their resistance to a decrease of child labor at home. The extent to which parents, through ignorance, selfishness and poverty, and the children themselves, through the unattractiveness and poverty of the public schools in some states, favor and even insist upon child labor, is well demonstrated.

Taken together, these two monographs combine a valuable array of facts and deductions which, though not new in most cases to economists, will be both new and startling to the majority of the reading public, and will be likely to aid materially the rising demand for more effective restriction of child labor.

EDWARD W. BEMIS.

The Village Community. By GEORGE LAWRENCE GOMME. [Contemporary Science Series.] New York, Scribner & Welford, 1890. — 299 pp.

Though much has of late been done for the elucidation of the history of mediæval land tenure, there is much that is still extremely obscure. While it seems impossible to maintain that the manorial system was created out of a free village community during the period between the sixth and eighth centuries, there does seem on the face of it a good deal of difficulty in supposing that the remarkable unity of the village group and the complex arrangements for co-tillage were the outcome of miscellaneous promptings of self-interest on the part of Roman proprietors. This being the case, there is room for good work by one who will examine more minutely than has hitherto been attempted the agricultural system itself of the middle ages; who will find out how far

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it was uniform, and compare it with that of early tribal communities and with the practices of savage peoples.

It seems a pity that Mr. Gomme has not strictly confined himself to this task; for although he does give a good deal of useful information bearing upon this particular subject, — especially such instances as that of Aston, where there are traces of the survival of the "hide" in manorial organization (pages 161 *et seq.*), — he has introduced so many alien topics and is so confused in the presentation of his arguments, that the book is one extremely difficult to use. The work is apparently intended — for even this is not clear — as an argument in favor of the "primitive" origin of *free* village communities; and, if that is so, at least half of it is not to the purpose. No one in England or America who has given the slightest attention to the subject needs to be informed that there are abundant traces of "co-aration of the waste," of the open-field system, the "primitive hearthcult" and "archaic conditions" as to dwellings; what is necessary for the argument is to put these into some sort of relation to primitive self-governing independent village groups. In themselves these facts fit just as well into an altogether different view of the matter. The more details we can get of all these phenomena the better; and Mr. Gomme's details are interesting enough; but they do nothing towards proving his case. We should, moreover, be glad if the information were stated more exactly; for not only is Mr. Gomme not clear, but he lets his theories constantly come in the way of his facts. For instance, in his first chapter he gives some account of the Fijians, Dyaks and Basutos. In some Fijian villages, to judge from what he tells us, the various families use indiscriminately the nearest cleared land they find convenient. But among the Dyaks, individual ownership is the rule; and among the Basutos, "the sovereign chiefs assign to the vassals the parts they are to occupy, and these latter grant to every father of a family a portion of the arable land proportionate to his wants"; (compare Cæsar's account of the Germans). How these instances "prove" the village community to be of primitive origin (pages 15, 21 *et passim*) it would be hard to say; yet henceforward this appears as a fixed point in Mr. Gomme's discussion.

As far as can be made out, Mr. Gomme's main contention is that the later agricultural system of England was based on methods of occupation and cultivation practised by non-Aryan peoples in that country, — a cultivation of which he finds traces in the "hill terraces." His only argument in support of this is derived from certain supposed Indian analogies, which he describes at length. But though the hill tribes of India may be "non-Aryan," he gives no tittle of evidence to show that the Aryan inhabitants of the plains did indeed learn from them. This proposition of Mr. Gomme's, again, he seems in some places to regard as

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identical with another on which he lays great stress, namely, that we can trace in mediæval Britain "a tribal community with a *village of non-Aryan serfs* under it" (pages 137, 293). But he never tells us what precisely he means by this. If he means by the "village of serfs" the *cottars* of an English manor, he has to meet these difficulties: that the cottars of themselves did not form a village, and that the onerous conditions of labor services which weighed upon the mass of the villeins are hardly explicable if the villeins are the descendants of free tribesmen. If, on the other hand, he uses the term "village of serfs" for the group of villein tenants, he gives up his case.

W. J. ASHLEY.

Studien zur Entwickelungsgeschichte des Familienrechts. Von Dr. ALBERT HERMANN POST, Richter am Landgericht in Bremen. Schulzesche Hof-Buchhandlung (A. Schwartz), Oldenburg and Leipzig, 1890. — 8vo, 368 pp. and register.

Of the writers who are endeavoring to establish an universal jurisprudence on a historical and comparative basis, Dr. A. H. Post is one of the most industrious and prolific. He has published not less than eight books and brochures, besides numerous contributions to scientific journals. His data of comparison are drawn from all periods of history and from all parts of the world; but for the elucidation of problems in early institutional development he evidently attaches most value to the usages of uncivilized or half-civilized peoples in our own time. The habits of South Sea Islanders, of American Indians, and of African negroes are relied upon to help us understand the ideas of the early Romans and of our Teutonic forefathers. It may be objected, that if our knowledge of savage usages is becoming very ample, it is not always exact; that the legal historian is largely dependent for his data upon travellers' tales; that travellers, unless themselves versed in institutional history, are untrained observers, who do not know what to look for and who often misinterpret what they see. It may be further objected that so wide a range of comparison involves great risk of error. Comparison of institutions is of no value unless the institutions compared belong to identical stages of social development. Even then, similar institutions may be the result of very diverse conditions, and what seems to be an analogy may be only a coincidence. To be sure of our results, we must not only have data from various races but we must know a great deal about the civilization of each race. That of course is the reason why many distinguished legal historians prefer to limit the range of comparison for the present, to the Aryan peoples, of whom we know most and with whose race-psychology we are ourselves in closest sympathy.

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It would be unfair to imply that Dr. Post is unconscious of the dangers of his method. He tells us (page 4) that what comparative legal science has thus far given us "resembles a great heap of rubbish. Airy hypotheses have been based on relatively scanty ethnological material." He insists upon the necessity of starting with recognized facts, and limits his task to throwing as much light as possible upon the relations which we find in certain well-marked stages of legal evolution. The gentile or clan organization of society certainly marks such a period; and it is to the study of family relations under the clan system that the present work is mainly devoted. Upon this subject, so much treated in the last few years, Dr. Post has given us the best (and the best ordered) collection of material I have seen.

His results coincide, in many respects, with the general trend of recent theory. Like Starcke (reviewed in the QUARTERLY for June, 1890, page 340) he affirms the tendency of the clan to exogenous marriage; and his data point clearly to the assumption that legal relationship depends upon the custom of the clan. If the wife remains in her clan, her children remain there also, and we have "mother-right." If the wife is taken into the husband's clan, we have "father-right" and agnatic relationship. Dr. Post considers mother-right the older system, and finds that it is wife-stealing and wife-purchase that mediate the transition to father-right. "Parent-right" (*Elternrecht*) and the recognition of relationship on both sides come only with the disintegration of the clan.

It is made very clear that the first phase of the modern family, as we understand it, is the appropriation of the wife by the husband. The woman who is stolen or bought is property, and her children belong to her proprietor, not as father but as proprietor. It is not uncommon, in a transitional period of evolution, to find that the man who cannot afford to pay for his wife has no right over her or her children. They remain in her clan. But if he can subsequently buy her, or earn her by his labor (as Jacob earned his wives), both wife and children are his. Even polyandry is based on the property idea, for it is regularly associated with a community of goods among the husbands.

Polyandry Dr. Post considers a sporadic institution. Polygamy, on the other hand, is very general in the early stages of civilization. The strong and the well-to-do will appropriate many wives; only the weaker and poorer men will be content with one.

Of many interesting matters discussed by Dr. Post the limits of this review forbid notice. But I cannot forbear, in view of the active controversy over the point, to note that the author indicates his adherence to the theory of an original clan-ownership of land, which tends to persist, he thinks, even when the clan (*Geschlechtsgenossenschaft*) has become a territorial organization (*Gaugenossenschaft*). MUNROE SMITH.

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The Economic Review. Published quarterly for the Oxford University Branch of the Christian Social Union. Volume I, No. 1. London, Percival & Co., 1891. — 8vo, 149 pp.

England evidently means to resume her old place as a leader in economic thought. The present year marks the inception of two economic quarterlies, of which one, *The Economic Review*, has just appeared. The editorial programme tells us that the review will devote itself primarily to the study of duty in relation to social life, and that it "will therefore contain subjects dealing with economic morals from the point of view of Christian teachings." Cavillers might object that "duty" and "Christian teaching" are not necessarily synonymous, and that a true scientific review should not have a Christian duty any more than a Mohammedan or Buddhist duty. Practically, however, the new review is meant to emphasize the ethical side of economics, and especially of the social question. Its board of editors is composed of three clergymen, and in the list of promised contributors we find the names of twenty-three divines. Interspersed in the list we find, however, professed economists like Professors Ashley, Cunningham, Ely, Laveleye, Gide and Pantaleoni. The review may therefore be expected to interest both classes.

Of the six articles in the first number all but one are by clergymen. Of these the essays by Mr. Cunningham on "The Ethics of Money Investments," and by Mr. Symes on "Some Economic Aspects of the Eight-Hour Movement" show, as was of course to be expected, a thorough acquaintance with economic science. Rev. Dr. Kauffmann's article on "Socialism in the United States" discloses the same sympathetic criticism to which the readers of his previous writings have become accustomed. The Bishop of Durham writes on the rather threadbare topic, "The Educational Value of Co-operation," while the Rev. Wilfred Richmond shows how Professor Marshall recognizes "The Moral Factor in Economic Law." Finally, Mr. Ritchie has an interesting article on "Locke's Theory of Property."

The reviews are a little disappointing, and are confined entirely to works in the English language. On the other hand, a real want is supplied by the interesting notes and memoranda on social topics, and above all by the department devoted to an account of recent blue-books and legislation on these questions. The English official reports are a mine of information, worked hitherto chiefly by the Germans. *The Economic Review* can do no better work than to call the attention of Englishmen themselves to this vast treasure house.

The editors of the review modestly assert that they look for instruction to the *Economic Journal* soon to be issued, but hold that there is ample room for the two ventures. That they deserve to succeed in their new undertaking goes without saying. E. R. A. S.

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Le Monde Économique: Rédacteur en chef: PAUL BEAUREGARD, Professeur d'Économie Politique à la Faculté de Droit de Paris. Paris, 1891.

For many years the *Économiste Français*, edited by M. Paul Leroy-Beaulieu, has occupied a high position as the accredited weekly organ of the classical economists and their business friends. This position bids fair to be seriously threatened by the appearance of the new weekly under the editorship of Professor Beauregard of the Paris Law School. In an opening article the editor makes his excuses for the journal and lays down the principles which are to pervade it. He utterly disclaims belief in the motto "*laissez faire*," which he terms a dangerous, even absurd formula as a practical guide. But he is moderate in his opposition. He is a good free-trader and he is not a socialist. But he wishes his readers to be kept abreast of the best recent thought in all languages. He maintains that the German, English, Austrian and American economists have recently made great progress, and that nevertheless their ideas are almost completely ignored in France. It is to be one of the chief aims of this weekly to keep track not only of the phenomena of the economic world, but also of the progress of the science itself. In other words, it is to be the organ of no one school, but of all the schools.

The first number ably redeems the promise. We find all the usual articles of a financial or economic weekly. But we find other things in addition, especially a bibliography which contains a full list of recent books and articles, and in which American publications play by no means a small rôle. Some of the leading articles also are devoted to accounts of foreign legislation and economic events. Altogether the new weekly makes an excellent impression.

E. R. A. S.

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BOOK NOTES.

In putting forth the *Petite Bibliothèque Économique, Française et Étrangère*, the great house of Guillaumin has again earned the thanks of the French people, by affording them an opportunity to read in compact form, and at an insignificant price, the works of the great economists up to the middle of this century. Of wider interest to scientists in general are the introductions prefixed to each volume by the various editors, which sketch the life of the respective authors, and give in many cases an interesting *résumé* of their work and general position in the science. These introductions are naturally of different value, as can readily be seen from the names of the editors. The volumes thus far published and the respective editors are: *Vauban*, by G. Michel; *Sully*, by Joseph Chailley; *Bentham*, by Mlle. S. Raffalovich (Mrs. Wm. O'Brien); *Ricardo*, by P. Beauregard; *Hume*, by Léon Say; *Turgot*, by L. Robineau; *J. B. Say*, by H. Baudrillart; *J. S. Mill*, by Léon Roquet; *Adam Smith*, by Courcelle-Seneuil; *Bastiat*, by A. de Foville; *Malthus*, by J. de Molinari; *Fourier*, by Charles Gide. Those that are yet to appear are *Cobden*, by Léon Say; *Schulze-Delitzsch*, by A. Raffalovich; *Quesnay*, by Yves Guyot; *Franklin*, by H. Baudrillart; *Chevalier*, by P. Leroy-Beaulieu; and *De Villèle*, by M. Varagnac. A similar collection in English is much to be desired.

Quatre Écoles d'Économie Sociale is the title of a little book published by the Societé Chrétienne Suisse d'Économie Sociale (Paris, Fischbacher, 1890), in which representatives of the four chief schools of economic thought in France explain their methods and doctrines. The classical school, the socialistic school, the Le Play Catholic school and what is called the new school are represented respectively by M. Passy, M. Stiegler, M. Jannet and M. Gide. By all means the most valuable of the four lectures is that by Professor Gide. He finds the characteristic points of the new school to be four, *viz.*, negation of the *laissez-faire* doctrine, the application of the historical method as coordinate with the abstract method, the overthrow of the old distinction between economic science and economic art, and finally the sociological in contradistinction to the individualistic point of view. As over against the schools of liberty, of authority and of equality, the new school is the school of solidarity. The essays are all delightfully written.

Under the title *Capital and Interest*, Professor Böhm-Bawerk's great

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work appears in an English translation, with a preface and analysis, by William Smart, M.A., Lecturer on Political Economy in Queen Margaret College, Glasgow (Macmillan, 1890). The second and final volume of the German work was reviewed in the POLITICAL SCIENCE QUARTERLY, Volume IV, page 342. This first volume deals entirely with the history of the doctrine of interest. The translator's preface calls attention to the importance of the problem, and the acuteness of Professor Böhm-Bawerk's epoch-making criticism. The translation itself is excellent.

In *The Unearned Increment* (Swan Sonnenschein, 1890), Mr. William Harbutt Dawson gives a clear and simple account of the growth of land values, and demands (1) that "the unearned value of land shall be diverted from its present channel in such a way that the community as a whole shall share in it"; and (2) that "the incidence of local taxation shall be so modified that the owner of the land on which houses are built shall bear a considerable value of the parochial expenditure which tends to maintain and increase the value of the land." This second demand is practically realized in our American plan of the local real-property tax, and in the system of special assessments, both of which are unknown in England. Mr. Dawson's second demand, then, seems reasonable enough to all Americans. In chapter vii, however, he makes a serious error in accepting the Henry George doctrine that the misery and high rents in large towns are due to the unearned increment. The abolition of unearned increment would not abate competitive rents one jot.

The admirable compends of Luigi Cossa on general political economy and finance have evidently inspired his son, Dr. Emilio Cossa, to make a similar experiment with the general agrarian question. The scope and method of the *Primi Elementi di Economia Agraria* (Milan, Hoepli, 1890) are the same as those of its predecessors, including a full bibliography. The attempt is on the whole successful. The major part of the book is devoted to a description and criticism of the various systems of culture, and of the subjects of land credit and insurance. Most of the topics, however, have only a theoretic interest for Americans, as our whole agricultural system has not yet passed the extensive stage. But for all students of comparative institutions, the compend is to be highly recommended.

Silver in the Fifty-First Congress is issued by the National Executive Silver Committee (Washington, 1890). The tone of the work may be inferred from the source from which it emanates. It is simply a plea for free coinage. An attempt is made again to prove the old story that silver was demonetized surreptitiously in 1873. But the compilation is interesting in so far as it contains some material not to be found in

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convenient form in any other one publication, *e.g.*, a summary of the coinage laws of the United States and a history of the acts of 1873 and 1878. The main purpose of the book, however, is simply to give a one-sided series of extracts from the Congressional debates.

Part II of Wagner's *Finanzwissenschaft* has appeared in a second and revised edition (Leipzig, Winter'sche Verlagshandlung, 1890). Just ten years have elapsed since the first edition of this, the most important volume in Wagner's *Science of Finance*. The new edition is partly rewritten. It contains over one hundred pages more than its predecessor, and almost every chapter has been signally improved. Particular attention may be called to the changes made in the theories of direct and indirect taxes and incidence of taxation, and in the doctrine of fees. The main idea, however, — the social-political principle of taxation, — remains unaltered.

The *Bulletin Annuel des Finances des Grandes Villes*, Dixième Année, edited by Joseph Körösi (Guillaumin, 1890), contains the financial statistics for 1886 of twenty-seven cities, with the addition of a comparative table for each year from 1877 to 1886, in which fifty-four cities are represented more or less completely. M. Körösi gives up the editorship, which is assumed by M. Jahnson, director of the statistical bureau of St. Petersburg.

Two Reports of the Special Committee [of the Boston Board of Aldermen] *on the Use of Streets by Private Corporations* (Boston, 1889 and 1890) will be welcome to the student of local finance, not so much for the views of the committee as for the interesting facts published in the appendices. The report for 1890, especially, contains extracts from the legal provisions which govern the subject in twelve chief European cities and in a number of American cities. The most striking instance, perhaps, is Amsterdam, where the telephone companies pay to the city annually twenty-one and a half per cent of their gross receipts. The committee shrinks from advising any specific method of securing a revenue from the corporations, but contents itself with demanding the acceptance of the general principle. In Massachusetts, as in so many of our commonwealths, special legislation would be needed to confer upon the cities the right of exacting any compensation. The greater development in Europe is partly due to the freer hand which the municipalities possess.

In numbers 11 and 12 of the *Publications of the American Statistical Association* (Boston, 1890), the principal article is "Statistics of the Colored Race in the United States," by Francis A. Walker. He gives a concise history of the growth in number of the colored race in the United States, and explains why the enumeration of 1870 was defective. By taking the rate of increase for the thirty years ending in 1880

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and applying it to the thirty-year period ending in 1870, he reaches the conclusion that the enumeration of the blacks was between three and four hundred thousand short of the actual number.

Labor Laws of Massachusetts (Boston, 1890) is an extract from the twenty-first annual report of the state bureau of statistics. It furnishes a valuable compendium of the labor legislation of Massachusetts, "which exceeds in volume that of any other state." "The arrangement is first chronological and then topical, the subjects being arranged alphabetically with reference to the statutes bearing upon them." "In conclusion a brief recapitulation by topics points out the change in the status of the wage worker which has been effected by these enactments."

Railroad Labor is the title given to the fifth annual report of the Commissioner of Labor (Washington, 1890). This report gives a variety of information in regard to the relation of railroads to employees. The bulk of the volume is devoted to a statistical investigation of the wages of the employees. Commissioner Wright may be congratulated upon having fulfilled all the theoretical demands hitherto made in respect to wage statistics, *viz.*, actual wages, actual occupation, classified wages, classified income, average wages and average income. He made an important advance in method, when, after finding that a great many men were employed for short periods (25 to 100 days yearly), he constructed a table showing the number of employees and their earnings on the hypothesis that men worked full time. The work performed by 224,570 men might have been done by 105,807 men working full time, and the average annual earnings would have been $515 instead of $243. This suggested line of investigation is the most important contribution to the theory of wage statistics that has been recently made.

In the little work entitled *Zonen-Tarif* (Frankfort, 1889), Dr. Perrot calls attention to his pamphlet printed in 1869, which first broached in Germany the idea of assimilating railway charges to post-office rates. He discusses all the aspects of the subject, shows the results of the zone system in Hungary, and reprints in an appendix his original pamphlet.

Eugene Smith's *Prison Science* is the last publication of the New York Society for Political Education. It is written with especial reference to recent New York legislation. The Fassett Law of 1889 gave to the state of New York a comprehensive act, which is by all means the most advanced and scientific statute in existence on the question of punishment and prison management. Mr. Smith's pamphlet calls attention to its new features, such as those relating to reformation, indeterminate sentences and the use of machinery. It is a powerful plea for the cause of prison reform and should be taken to heart by all American legislators.

Le Socialisme d'État, by Léon Say (Calmann Lévy, 1890), consists

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of three lectures on the progress of socialism in England, in Germany and in Italy. It is not in any sense exhaustive of its subject, either historically, descriptively or critically. For England we have the views of Cobden, Gladstone, Goschen and Fawcett. All these men are or were opposed to state socialism except Gladstone, who, the author seems to think, falls into it occasionally through inadvertence. The essay on Germany is devoted entirely to Prince Bismarck's insurance laws; and that on Italy to Luzzatti and the scheme for voluntary insurance on the part of the workmen through the savings banks, assisted by the government. The book is moderate in tone, but the author shows an inclination (very common in these days) to call all social action state-socialism, — a practice which simply leads to confusion.

Sidney Webb's *Socialism in England* (Swan Sonnenschein, 1890) is a thorough revision of his essay, originally published by the American Economic Association in 1889. The little work is incisive, complete and suggestive. It is a most striking exposition of the change of sentiment which has recently come over the English public. When the author can afford to say that the influence of Herbert Spencer is to-day "absolutely imperceptible," and that "the straitest sect of the economic Pharisees of the last generation are abandoning their opposition," the average American must revise his estimate of the Englishman. Mr. Webb has unbounded faith in the ultimate victory of his cause — the abolition of rent and interest.

The second volume of von Stengel's *Wörterbuch des Deutschen Verwaltungsrechts* (J. C. B. Mohr) finishes this great work, the first volume of which has already been noticed in these pages. The standard set by the first volume is maintained in the second. The "*Systematisches Verzeichnis*" of material, which precedes the body of the work, is of great value, especially to foreign students.

The History of the Science of Politics, by Frederick Pollock (Macmillan, 1890), presents in a rather more dignified garb the sketchy but useful work which has hitherto been accessible only in cheap-library form or in the files of a periodical. The utter absence from English literature of a history of political theories gives excessive importance to the most inadequate outline of the subject. Mr. Pollock's little book is written in a clear and attractive style. It is trustworthy as far as it goes; and it will not fail to stimulate, if it does not wholly satisfy, the reader.

Dr. Rudolf von Scala, in *Die Studien des Polybios* (Stuttgart, W. Kohlhammer, 1890), of which the first volume only is at hand, presents a most characteristic specimen of German exhaustiveness. With a high appreciation of the relations of Polybius to the spiritual and intellectual life of his times, the author undertakes to furnish a complete picture of the sources of the Greek writer's thought — to make possible a final

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answer to the question, "inwieweit die Schöpfungen hellenischen Voll-Lebens in jener Zeit des sinkenden Hellenismus noch in den Geistern nachwirkten." Of particular interest to students of politics are the chapters exhibiting in minute detail the influence of Plato and Aristotle on Polybius's theory of the state, and of Demetrius of Phaleros on his ideas of international relations. Dr. von Scala dwells with especial emphasis upon the indebtedness of Polybius to the doctrines of the Porch, and attributes his fondness for the mixed form of government to its analogy with the "ψυχὴ εὖ κεκραμένη" of the Stoic philosophers.

Harold Murdock's *Reconstruction of Europe* (Houghton, Mifflin & Co., 1889) is a brief, readable and fairly accurate presentation of the great events of European history from 1850 to 1871. The diplomacy is lightly sketched; the military campaigns are described more fully. The philosophical introduction by John Fiske is in that writer's best vein.

The third volume of C. A. Fyffe's *History of Modern Europe* (Henry Holt & Co., 1890) covers the years from 1848 to 1878, and is on the whole the best English history of this period. It is very unfortunate that von Sybel's great work upon the unification of Germany, published in 1889, could not be used by Mr. Fyffe; but with this exception he has based his narration upon the best sources.

Mr. John Morley's *Walpole* (Macmillan, 1890) deserves the second edition which it has reached. It is valuable not only as embodying a competent critic's judgment on a prominent historical personality, but as presenting in a concise and suggestive form many incidents in the development of the existing constitution of England. Walpole's age was an important one in the evolution of cabinet government; and Mr. Morley loses no opportunity to bring out this fact by comparisons.

Mr. Edwin Johnson, M.A., makes and unmakes history with a skepticism and a courage greater than Ignatius Donnelly's. In *The Rise of Christendom* (Kegan Paul, 1890) he asserts that the Jewish and Christian traditions are based upon that of the Koran; that they took shape in the eleventh and following centuries of our era; that the canonical books of the Old and New Testaments, the history of Josephus, the writings of the church Fathers, a great mass of imperial Roman constitutions from Constantine down, and other documents too numerous to mention, are mediæval forgeries. All allusions in the pagan Roman literature which tend to confirm the Jewish and Christian traditions are pronounced to be interpolations. Mr. Johnson brings to his undertaking much curious learning.

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